

PSJ11 CVS Opp Exh 23

Alabama:

Moffatt Tr. at 204:24-207:11

CVS-MDLT1-00060812-60821

1 UNITED STATES DISTRICT COURT  
2 FOR THE NORTHERN DISTRICT OF OHIO  
3 EASTERN DIVISION

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4  
IN RE: NATIONAL MDL No. 2804  
5 PRESCRIPTION OPIATE  
LITIGATION Case No.  
6 1:17-MD-2804

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7  
THIS DOCUMENT RELATES TO Hon. Dan A. Polster  
8 ALL CASES

9 \*\*\*\*\*

10  
11 HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER  
12 CONFIDENTIALITY REVIEW  
13 VIDEOTAPED DEPOSITION OF THOMAS S. MOFFATT

14  
15 Tuesday, January 15th, 2019  
16 8:04 a.m.

17  
18 Held At:  
19 Omni Hotel  
20 One West Exchange Street  
21 Providence, Rhode Island

22  
23 REPORTED BY:  
24 Maureen O'Connor Pollard, RMR, CLR, CSR

1 BY MR. ELSNER:

2 Q. Okay. But CVS agreed to it and they  
3 signed -- Betsy Ferguson on behalf of CVS  
4 Pharmacy, Inc. executed the settlement agreement  
5 in February of 2016, correct?

6 A. Yes.

7 MR. DELINSKY: Could we take a quick  
8 five minutes?

9 MR. ELSNER: Sure. Absolutely.

10 THE VIDEOGRAPHER: We're going off the  
11 record at 12:16 p.m.

12 (Whereupon, a recess was taken.)

13 THE VIDEOGRAPHER: We're back on the  
14 record at 12:24 p.m.

15 BY MR. ELSNER:

16 Q. Mr. Moffatt, were you a secretary or  
17 president of any of the pharmacies in Maryland  
18 that were subject of the DEA investigation and  
19 CVS settlement with the DEA?

20 MR. DELINSKY: Object to form.

21 A. I was president of the entity that  
22 operated those pharmacies, yes.

23 BY MR. ELSNER:

24 Q. Were you aware that the DEA also



1 conducted an investigation of certain CVS  
2 pharmacies in Alabama?

3 MR. DELINSKY: Object to form.

4 A. Others at CVS are responsible for all  
5 of those sort of matters, so I don't recall  
6 specifically information about Alabama.

7 BY MR. ELSNER:

8 Q. Let me show you Moffatt Exhibit 17,  
9 which is a settlement agreement between CVS and  
10 the DEA related to entities in Alabama.

11 (Whereupon, CVS-Moffatt-17 was marked  
12 for identification.)

13 BY MR. ELSNER:

14 Q. If I could -- the DEA was  
15 investigating certain pharmacies in Alabama,  
16 particularly in Calera, Alabama, for certain  
17 recordkeeping and reporting violations of  
18 controlled substances, regulations in place to  
19 guard against theft and diversion. This is  
20 paragraph F on Page 2. Do you see where I'm at?

21 A. Yes.

22 MR. DELINSKY: Objection.

23 A. I see paragraph F.

24 BY MR. ELSNER:

1           Q.     And then in paragraph G on Page 2 that  
2     as a result of the DEA's investigation and its  
3     inspection of this CVS store in Calera, Alabama,  
4     that the United States contends that on or  
5     before the effective date of the agreement CVS  
6     Calera violated the CSA, the Controlled  
7     Substances Act, and then it lists three  
8     violations that the DEA believed exists, is that  
9     correct?

10                   MR. DELINSKY:   Object to form.

11           A.     I was not involved in the preparation  
12     of this, but that is what Paragraph G says.

13     BY MR. ELSNER:

14           Q.     On Page 3 of the agreement under  
15     "Terms and Conditions," CVS agreed to pay a  
16     \$1 million sum in settlement of this contention  
17     and these alleged violations, is that right?

18                   MR. DELINSKY:   Object to form.

19           A.     I wasn't involved in this settlement  
20     or anything, but it appears that that's what  
21     Paragraph 1 on Page 3 says.

22     BY MR. ELSNER:

23           Q.     Okay.   And on Page 8 of the agreement,  
24     CVS Pharmacy, Inc. agreed to the settlement

1 terms in July of 2018, is that right?

2 A. What page were you on?

3 Q. Page 8, the very last page of the  
4 agreement.

5 A. Yes, yes, signed in July.

6 Q. Signed by Betsy Ferguson again, is  
7 that right?

8 A. And John Gilbert, our outside  
9 attorney.

10 Q. Okay.

11 A. Who is at Hyman, Phelps.

12 Q. Another question.

13 Were you the president or secretary or  
14 treasurer or officer of this Alabama CVS store?

15 MR. DELINSKY: Object to form.

16 A. I believe I was president of the  
17 entity that operated the Alabama CVS pharmacies.

18 BY MR. ELSNER:

19 Q. And what entity is that?

20 A. CVS Alabama, LLC, I believe.

21 Q. What was the entity in Maryland that  
22 you were the president of that was related to  
23 the CVS stores under investigation there by the  
24 DEA?

## **SETTLEMENT AGREEMENT**

### **I. PARTIES**

This Settlement Agreement (“Agreement”) is made and entered into by and between (i) the United States, acting through the United States Attorney’s Office for the Northern District of Alabama, on behalf of the Drug Enforcement Administration (“DEA”) (collectively, the “United States”); and (ii) CVS Pharmacy, Inc. and all of its relevant subsidiaries and affiliates (collectively “CVS”). The United States and CVS are collectively referred to herein as “the Parties,” and each is individually referred to as a “Party.”

### **II. RECITALS**

A. CVS Pharmacy, Inc. is a Rhode Island corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS, through its CVS Pharmacy division, directly or indirectly, operates retail pharmacies in the Northern District of Alabama that dispense prescription drugs, including controlled substances, to retail consumers.

B. Each CVS Pharmacy retail store in the Northern District of Alabama is separately registered with DEA and is assigned a unique DEA registration number that authorizes it to dispense controlled substances pursuant to the provisions of the Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.* and its implementing regulations, 21 C.F.R. §§ 1300 *et seq.* (the “Act” or the “CSA”). The CVS pharmacy retail stores located in the Northern District of Alabama will be referred to collectively hereinafter as “NDAL CVS Pharmacy Retail Stores.”

C. CVS acknowledges that all of its DEA-registered NDAL CVS Pharmacy Retail Stores were and are required to comply with the CSA and the regulations promulgated thereunder.

D. The DEA is the Department of Justice component agency primarily responsible for enforcing the Act and is vested with the responsibility of investigating violations of the Act.

E. The United States Attorney General, through the United States Attorney's Office, has primary authority to bring civil actions to enforce the Act. *See* 21 U.S.C. § 871 and 28 C.F.R. § 0.55(c).

F. In November 2013, the United States conducted an inspection at the CVS Pharmacy located in Calera, Alabama ("CVS Calera") to investigate its compliance with the CSA, specifically investigating the recordkeeping, reporting, procedures to guard against theft and diversion, and certain dispensing practices.

G. As a result of the November 2013 inspection at CVS Calera, the United States contends that, on or before the Effective Date of this Agreement, CVS Calera violated the CSA, including without limitation by violating the following regulations prior to the November 2013 inspection:

- 21 C.F.R. § 1305.13(e) (requirement to record the amount received and/or the date received on DEA 222 forms);
- 21 C.F.R. § 1304.21(a) (requirement to maintain complete and accurate records);
- 21 C.F.R. §§ 1304.21(a) and/or (d) (requirement to document the number of packages received or the date package received on Schedule III through V purchase invoices).

The United States also contends that there are or may be violations of the CSA's recordkeeping provisions on or before the Effective Date of the Agreement at other NDAL CVS Pharmacy Retail Stores not mentioned specifically above. The United States' claims and allegations as set forth above in this Paragraph G shall hereinafter be referred to as the "Covered Conduct." The Covered Conduct applies only to stores located in the Northern District of Alabama.

H. At all times relevant, the CSA authorized a civil penalty of up to \$25,000 per violation of § 842(a) and up to \$10,000 for violations of § 842(a)(5) and (a)(10). *See* 21 U.S.C. § 842(c)(1)(B).

I. This Agreement is neither an admission of liability by CVS nor a concession by the United States that its claims are not well founded.

J. CVS contends that any alleged recordkeeping violations did not arise from or cause the diversion of controlled substances and the United States does not contend to the contrary.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

### **III. TERMS AND CONDITIONS**

1. In consideration of the obligations of the Parties set forth in this Settlement Agreement, CVS shall pay to the United States the total sum of one million dollars (\$1,000,000.00) ("Settlement Amount") within fourteen (14) days after the Effective Date of this Agreement, as defined in Paragraph 21 below. Payment shall be made by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Northern District of Alabama. If the payment is not timely received, CVS shall also pay the United States interest on the Settlement Amount at a rate of 10% per annum compounded daily from fifteen (15) days after the Effective Date of this Agreement through the date full payment is received.

2. Subject to the exceptions in Paragraph 3 below (concerning excluded claims), and conditioned upon CVS's full payment of the Settlement Amount, the United States (on behalf of itself, its officers, agents, agencies, and departments) hereby fully and finally releases CVS and its current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, divisions, current or former corporate owners, and the corporate successors and assigns of any of them, from any civil or administrative claims the United States has for the Covered Conduct, which includes filing any action for civil penalties for violations of 21 U.S.C.

§ 842(a) at CVS Calera based on, arising from, or related to the Covered Conduct and any action for recordkeeping violations of Title 21 (21 U.S.C. §§ 842(a)(5), 842(a)(10)) at any NDAL CVS Pharmacy Retail Stores which occurred prior to the Effective Date of this Agreement.

3. Notwithstanding any term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any civil, criminal, or administrative liability arising under Title 26, United States Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based on obligations created by this Agreement; and
- f. Any liability of individuals.

4. CVS waives and shall not assert any defenses CVS may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

5. CVS fully and finally releases the United States, its agencies, officers, attorneys,

employees, servants, and agents, from any claims (including attorneys' fees, costs and expenses of every kind and however denominated) that CVS has asserted, could have asserted, or may assert against the United States, its agencies, officers, attorneys, employees, servants, and agents related to the investigation, litigation and settlement of its claims concerning the Covered Conduct.

6. Except as otherwise stated herein, each Party to this Agreement shall bear its own costs, attorneys' fees, and other expenses incurred in any manner in connection with the investigation, litigation, and resolution of this matter, including the preparation and performance of this Agreement.

7. CVS agrees that any and all costs it has or will incur in connection with this matter, including payment of the Settlement Amount, attorneys' fees, costs of investigation, negotiation, and any remedial actions to be taken before or following the Effective Date of this Agreement, shall be unallowable costs for government contract accounting and for Medicare, Medicaid, TRICARE, and FEHBP reimbursement purposes.

8. This Agreement binds and is intended to benefit only the Parties. The Parties do not release any claims against any other person or entity not expressly released by this Agreement. This Agreement is specifically limited to the Office of the United States Attorney for the Northern District of Alabama.

9. This Agreement inures to the benefit of and is binding on each Party and its respective successors, transferees, heirs, and assigns.

10. Each Party warrants that it has been represented by, and has sought and obtained the advice of, independent legal counsel with regard to the nature, purpose, and effect of this Agreement. The Agreement was negotiated by the Parties and their respective counsel, each of whom had the opportunity to participate in the drafting thereof. The Parties hereby declare that the



terms of this Agreement have been completely read, fully understood, and voluntarily accepted following opportunity for review by legal counsel of their choice.

11. Each of the Parties warrants and represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion whatsoever, after having been apprised of relevant information and data by its legal counsel. Each of the Parties further warrants and represents that no other Party or its representative has made any promise, representation or warranty, express or implied, except as expressly set forth in this Agreement, and that no Party has relied on any inducements, promises, or representations made by any Party to this Agreement, or its representatives, or any other person, except as expressly set forth herein.

12. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the Parties listed below.

13. For purposes of construction, this Agreement shall be deemed to have been drafted by all Parties to this Agreement. The words of this Agreement shall not, therefore, be construed against any Party for that reason in any subsequent dispute, but shall be construed so as to effect their fair meaning.

14. The Parties consent to the disclosure of this Agreement, and of information about this Agreement, to the public.

15. This Agreement constitutes the complete agreement between the Parties, and supersedes and replaces any prior negotiations and agreements, whether written or oral, regarding the resolution of the claims between the Parties with respect to the subject matter hereof.

16. This Agreement may not be altered, amended, or modified, except by a writing duly executed by authorized representatives of all Parties.

17. This Agreement may be executed in counterparts, including by facsimile, PDF, or

other electronic form of signature, each of which constitutes an original and all of which constitute one and the same Agreement.

18. This Agreement is governed by the laws of the United States. The Parties agree that, should any judicial action be required to enforce or interpret this Agreement, or to resolve any dispute hereunder, the exclusive jurisdiction and venue for such action shall be in the United States District Court for the Northern District of Alabama.

19. This Agreement is effective, final, and binding as of the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). The United States agrees to notify CVS promptly when the final signatory has executed this Agreement.

**THE UNITED STATES OF AMERICA**

Dated: 7/18/18

By: [Signature]  
John D. Saxon, Jr.  
Assistant U.S. Attorney  
Northern District of Alabama

Dated: 7/18/18

By: [Signature]  
Nikara McNeely  
~~Diversion Investigator~~ Group Supervisor  
Birmingham District Office  
Drug Enforcement Administration

**CVS PHARMACY, INC.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Elizabeth Ferguson  
Senior Vice President and Deputy General Counsel  
CVS Pharmacy, Inc.

**Approved as to form and content:**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
John A. Gilbert, Jr., Esq., OR  
Karla L. Palmer, Esq.  
HYMAN PHELPS & MCNAMARA, P.C.  
Counsel for CVS Pharmacy, Inc.

**THE UNITED STATES OF AMERICA**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

John D. Saxon, Jr.  
Assistant U.S. Attorney  
Northern District of Alabama

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Nikara McNeely  
Diversion Investigator  
Birmingham District Office  
Drug Enforcement Administration

**CVS PHARMACY, INC.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Elizabeth Ferguson  
Senior Vice President and Deputy General Counsel  
CVS Pharmacy, Inc.

Approved as to form and content:

Dated: July 29, 2018

By:  \_\_\_\_\_

John A. Gilbert, Jr., Esq., OR  
Karla L. Palmer, Esq.  
HYMAN PHELPS & MCNAMARA, P.C.  
Counsel for CVS Pharmacy, Inc.

**THE UNITED STATES OF AMERICA**

Dated: 7/18/18

By: [Signature]  
John D. Saxon, Jr.  
Assistant U.S. Attorney  
Northern District of Alabama

Dated: 7/18/18

By: [Signature]  
Nikata McNeely  
~~Diversion Investigator~~ Group Supervisor  
Birmingham District Office  
Drug Enforcement Administration

**CVS PHARMACY, INC.**

Dated: 7/24/18

By: [Signature]  
Elizabeth Ferguson  
Senior Vice President and Deputy General Counsel  
CVS Pharmacy, Inc.

Approved as to form and content:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
John A. Gilbert, Jr., Esq., OR  
Karla L. Palmer, Esq.  
HYMAN PHELPS & MCNAMARA, P.C.  
Counsel for CVS Pharmacy, Inc.

NDAL CVS Settlement Agreement

California:

Moffatt Tr. at 222:22-231:8

CVS-MDLT1-00060856-60871

1 concerning these stores?

2 MR. DELINSKY: Object to form.

3 A. I was not involved in preparing any of  
4 this or in the amount that was agreed upon. To  
5 the extent I knew about it, it was because of my  
6 role as an attorney as opposed to because I'm  
7 president of the store entity.

8 BY MR. ELSNER:

9 Q. They wouldn't have informed you as  
10 president of the store entity that a settlement  
11 had been reached?

12 MR. DELINSKY: Object to form.

13 A. They informed me because I'm an  
14 attorney. I'm also president of the entity. I  
15 don't know if they would have informed somebody  
16 else if somebody else was the president, but  
17 they did inform me.

18 BY MR. ELSNER:

19 Q. Okay. And Betsy Ferguson executed  
20 this document on August 5, 2015, Page 7 of 7?

21 A. Yes, she did. August 5th.

22 Q. Were you aware that the DEA had  
23 conducted investigations of CVS pharmacies in  
24 California, in Nassau and Suffolk County, New

1 York, and also in -- related to the theft of  
2 controlled substances and the failure to report  
3 those thefts to the DEA promptly?

4 MR. DELINSKY: Object to form.

5 A. Others at CVS are involved in all of  
6 the government investigations, so I may have  
7 heard of those matters through my role as an  
8 attorney, but other people were primarily  
9 responsible for that sort of investigation and  
10 the circumstances behind them.

11 BY MR. ELSNER:

12 Q. Okay. This is Motley Rice 226, which  
13 is Exhibit 20 to your deposition.

14 (Whereupon, CVS-Moffatt-20 was marked  
15 for identification.)

16 BY MR. ELSNER:

17 Q. This is the settlement agreement  
18 between CVS and the DEA related to its  
19 investigation in California.

20 If you turn to paragraph F, which is  
21 on Page 2 of the agreement, describes that the  
22 DEA Sacramento field office, and U.S. Attorney's  
23 Office for the Eastern District of California  
24 conducted an investigation with respect to



1 CVS/pharmacy retail stores and their compliance  
2 with the Controlled Substances Act, it reads  
3 "specifically investigating the recordkeeping,  
4 reporting, procedures to guard against theft and  
5 diversion, and certain dispensing practices  
6 of...CVS Pharmacy Retail Stores in the Eastern  
7 District of California." Is that right?

8 MR. DELINSKY: Object to form.

9 A. I was not involved in preparing this,  
10 but that appears to summarize paragraph F.

11 BY MR. ELSNER:

12 Q. Okay. Were you aware that the DEA was  
13 concerned with thefts of controlled substances  
14 across the country?

15 A. Others at CVS are responsible for both  
16 the investigation and for operations and  
17 compliance with what would be involved in this  
18 sort of activity. I was not.

19 Q. If you turn to paragraph J, which is  
20 on Page 3, it reads that "CVS acknowledges that,  
21 during the period" -- do you see where I'm at at  
22 the bottom of Page 3, paragraph J?

23 A. Yes.

24 Q. "CVS acknowledges that, during the

1 period from April 30, 2011 through April 30,  
2 2013, certain Eastern District of California CVS  
3 Pharmacy Retail Stores failed to fulfill certain  
4 recordkeeping obligations under the CSA in a  
5 manner fully consistent with CVS's compliance  
6 obligations."

7 Did I read that correctly?

8 MR. DELINSKY: Object to form.

9 A. You did read that sentence correctly,  
10 but the next sentence starts with  
11 "Notwithstanding," so I take it that's going to  
12 say something different.

13 BY MR. ELSNER:

14 Q. It might.

15 But were you aware that CVS  
16 acknowledged during this period that those  
17 recordkeeping violations existed?

18 MR. DELINSKY: Object to form.

19 A. It appears that we acknowledged it,  
20 but we contend that a failure to fulfill those  
21 recordkeeping obligations did not arise or did  
22 not cause the diversion of controlled  
23 substances.

24 BY MR. ELSNER:

1           Q.     Why did CVS admit that there were  
2     recordkeeping violations, but contend that those  
3     did not arise from or cause the diversion of  
4     controlled substances?

5                   MR. DELINSKY:   Object to the form of  
6     the question to the extent that would require --  
7     if you know the answer, if you possess  
8     responsive information, to the extent it would  
9     call you to divulge attorney/client privilege  
10    information or work product, and I ask that you  
11    not answer and instruct you accordingly.

12           A.     So I wasn't involved in the  
13    investigation.   I don't know any particulars as  
14    to why we would do that.   I could speculate, but  
15    would not be advised to do so, I'm sure.

16   BY MR. ELSNER:

17           Q.     So the reason you read that sentence  
18    was not because you had any personal information  
19    about it?

20           A.     No, I just think it presents a fuller  
21    picture.   And it also says the United States  
22    does not contend to the contrary, so the United  
23    States --

24           Q.     Did CVS --

1           A.     -- wasn't forcing the issue either.

2           Q.     Well, CVS did acknowledge that there  
3     were recordkeeping violations related to thefts  
4     of controlled substances in its California  
5     stores, is that right?

6                     MR. DELINSKY: Object to form.

7           A.     I don't think it says anything related  
8     to thefts. It says "failed to fulfill certain  
9     recordkeeping obligations." I know that that  
10    can sometimes be timing, you filed it a day  
11    late, you gave the information but because it's  
12    not filed within a certain time frame, I could  
13    see where that might be something that they  
14    would say, yet technically it's a recordkeeping  
15    violation, but it's -- you know, it wouldn't  
16    rise to the level of causing a diversion of  
17    controlled substances.

18                    BY MR. ELSNER:

19           Q.     If you look just above on Page 3 under  
20    the various bullets, it states that "The United  
21    States also contends that various EDCA CVS  
22    Pharmacy Retail Stores failed to provide  
23    effective controls and procedures to guard  
24    against theft and diversion of controlled

1 substances."

2 Did I read that correctly?

3 A. That is the contention that's there,  
4 yes.

5 Q. So it relates to thefts of controlled  
6 substances and the reporting obligations  
7 consistent with that, is that right?

8 MR. DELINSKY: Object to form.

9 A. Again, I'm not involved in the  
10 preparation of this, you know, some of the  
11 things above that -- what you just read, failed  
12 to record the amount or the date or to do order  
13 forms, that sort of thing, and then it says  
14 "United States also contends." So what's in  
15 paragraph J, I don't know that we're agreeing  
16 that we -- that we notified -- I kind of got  
17 lost there.

18 Our recordkeeping obligations, our  
19 failure to fulfill recordkeeping obligations did  
20 not arise from or cause diversion of controlled  
21 substances.

22 BY MR. ELSNER:

23 Q. CVS agreed to pay a \$5 million fine in  
24 resolution of this investigation by the DEA, is

1     that right?

2           A.     That's what Paragraph 1 says on  
3     Page 4.

4           Q.     And did you have a role as either  
5     president or secretary or treasurer for the --

6                   MR. DELINSKY: I apologize. I just  
7     want to object to the form of the prior  
8     question.

9     BY MR. ELSNER:

10          Q.     Did have you a role as either  
11     president, secretary, or treasurer of any of the  
12     CVS stores in the Eastern District of California  
13     which were the subject of this settlement?

14                   MR. DELINSKY: Object to form.

15          A.     So not with respect to the store, with  
16     respect to the entities I would have a role.  
17     Depends on the time frame and what entity we're  
18     talking about, but I would have had an officer  
19     role with the store entities. I was not  
20     involved in the investigation or the settlement  
21     or anything like that.

22     BY MR. ELSNER:

23          Q.     Were you the president of the  
24     California entity?

1           A.     What time frame are we talking about?

2           Q.     Well, I think we can talk about two  
3     time frames.   The agreement was executed in June  
4     of 2017.

5           A.     So today I am president of -- we have  
6     multiple store entities in California, and I'm  
7     president of both of those.   It looks like the  
8     entire time frame because it talks about on  
9     Page 2 early 2012, so that would be when I  
10    became president when my predecessor retired.

11          Q.     So as of May, 2012 through 2000 --  
12    well, through today, you've served as the  
13    president of the California entities over these  
14    pharmacies, is that right?

15          A.     That's correct.

16          Q.     Okay.   And were you made aware as  
17    president of the CVS entities in California, of  
18    these CVS pharmacies, that a settlement had been  
19    reached with the DEA?

20                 MR. DELINSKY:   Object to form.

21          A.     Others at CVS were responsible for  
22    operations and compliance and the people that --  
23    they were informed, and I as an attorney would  
24    be aware of it, but not -- I wasn't informed of

1 something because I was president.

2 BY MR. ELSNER:

3 Q. Do you know how many thefts occurred  
4 at CVS Pharmacy stores in California of  
5 controlled substances prior to and during this  
6 period?

7 A. Others are responsible for that sort  
8 of information. I don't have that information.

9 Q. Do you know whether CVS had an issue  
10 with respect to thefts of opioids, hydrocodone  
11 products from its pharmacies across the country?

12 MR. DELINSKY: Object to form.

13 A. Others would be responsible for that  
14 sort of information. We have a loss prevention  
15 area that would be involved in that, but it's  
16 not my area.

17 BY MR. ELSNER:

18 Q. So you have no idea whether there's  
19 been an issue of thefts from CVS pharmacies for  
20 controlled substances?

21 MR. DELINSKY: Object to form.

22 A. Except as being informed as an  
23 attorney, I would not.

24 BY MR. ELSNER:



## **SETTLEMENT AGREEMENT**

### **I. PARTIES**

This Settlement Agreement (“Agreement”) is made and entered into by and between (i) the United States, acting through the United States Attorney’s Office for the Eastern District of California, on behalf of the Drug Enforcement Administration (“DEA”) (collectively, the “United States”); and (ii) CVS Pharmacy, Inc. and all of its subsidiaries and affiliates that operate CVS Pharmacy retail stores in the Eastern District of California (collectively “CVS”). The United States and CVS are collectively referred to herein as “the Parties,” and each is individually referred to as a “Party.”

### **II. RECITALS**

A. CVS Pharmacy, Inc. is a Rhode Island corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS operates CVS Pharmacy retail stores in the Eastern District of California that dispense prescription drugs, including controlled substances, to retail consumers.

B. Each CVS Pharmacy retail store in the Eastern District of California is separately registered with DEA and is assigned a unique DEA registration number that authorizes it to dispense controlled substances pursuant to the provisions of the Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.* and its implementing regulations, 21 C.F.R. §§ 1300 *et seq.* (the “Act” or the “CSA”). The CVS Pharmacy retail stores located in the Eastern District of California will be referred to collectively hereinafter as “EDCA CVS Pharmacy Retail Stores.”

C. CVS acknowledges that all of its DEA-registered EDCA CVS Pharmacy Retail Stores were and are required to comply with the CSA and the regulations promulgated thereunder.

D. The DEA is the Department of Justice component agency primarily responsible for enforcing the Act and is vested with the responsibility of investigating violations of the Act.

E. The United States Attorney General, through the United States Attorney's Office, has primary authority to bring civil actions to enforce the Act. *See* 21 U.S.C. § 871 and 28 C.F.R. § 0.55(c).

F. The United States contends that in early 2012, DEA's Sacramento Field Division noticed an increased number of thefts and unexplained losses of Hydrocodone, a Schedule 3 controlled substance at the time, reported by numerous EDCA CVS Pharmacy Retail Stores. The United States further contends that, beginning in May 2012, the DEA and U.S. Attorney's Office for the Eastern District of California conducted an investigation with respect to EDCA CVS Pharmacy Retail Stores and their compliance with the CSA, specifically investigating the recordkeeping, reporting, procedures to guard against theft and diversion, and certain dispensing practices of EDCA CVS Pharmacy Retail Stores which could give rise to a civil penalty and/or administrative action against CVS under the CSA.

G. The United States contends that, on or before the Effective Date of this Agreement, CVS violated 21 U.S.C. § 842 at the EDCA CVS Pharmacy Retail Stores, including by violating the following regulations:

- 21 CFR § 1304.04(a) (CVS failed to maintain Schedule 3-5 invoices);
- 21 CFR § 1304.04(h)(3) (CVS failed to maintain Schedule 3-5 records separate from non-controlled substance records);
- 21 CFR § 1304.11(c) (CVS failed to conduct a Biennial Inventory on one specific day);
- 21 CFR § 1304.21(a) (CVS failed to maintain complete and accurate records);

- 21 CFR §§ 1304.22(c), 1304.22(a)(2)(iv) (CVS failed to record the date of acquisition of controlled substances);
- 21 CFR § 1304.22(c) (CVS failed to record the amount received on Schedule 3-5 invoices);
- 21 CFR § 1305.13(e) (CVS failed to record the amount received and the date received on DEA 222 forms);
- 21 CFR § 1305.17(a) (CVS failed to maintain DEA-222 forms); and
- 21 CFR § 1305.17(c) (CVS failed to maintain DEA-222 forms separate from other records);

The United States also contends that various EDCA CVS Pharmacy Retail Stores failed to provide effective controls and procedures to guard against theft and diversion of controlled substances (*see* 21 C.F.R. § 1301.71(a)) and failed to notify DEA of certain thefts or significant losses of controlled substances within one business day of the discovery (*see* 21 C.F.R. § 1301.74(c)). The United States' claims and allegations against CVS as set forth above in this Paragraph G shall hereinafter be referred to as the "Covered Conduct."

H. The CSA requires, among other things, that pharmacies create and/or maintain certain records concerning the receipt and dispensing of controlled substances in accordance with the CSA. 21 U.S.C. § 827.

I. At all times relevant, the CSA authorized a civil penalty of up to \$10,000 or \$25,000 per violation of subsections of § 842(a). *See* 21 U.S.C. § 842(c)(1)(A)-(B).

J. CVS acknowledges that, during the period from April 30, 2011 through April 30, 2013, certain EDCA CVS Pharmacy Retail Stores failed to fulfill certain recordkeeping obligations under the CSA in a manner fully consistent with CVS's compliance obligations.

Notwithstanding, CVS contends that any such failure to fulfill recordkeeping obligations did not

arise from or cause the diversion of controlled substances and the United States does not contend to the contrary.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

### **III. TERMS AND CONDITIONS**

1. In consideration of the obligations of the Parties set forth in this Settlement Agreement, CVS shall pay to the United States the total sum of five million dollars (\$5,000,000.00) ("Settlement Amount") within fourteen (14) days after the Effective Date of this Agreement, as defined in Paragraph 21 below. Payment shall be made by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Eastern District of California. If the payment is not timely received, CVS shall also pay the United States interest on the Settlement Amount at a rate of 10% per annum compounded daily from October 1, 2016 through the date full payment is received.

2. Subject to the exceptions in Paragraph 3 below (concerning excluded claims), and conditioned upon CVS's full payment of the Settlement Amount, the United States (on behalf of itself, its officers, agents, agencies, and departments) hereby fully and finally releases CVS and its current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, divisions, current or former corporate owners, and the corporate successors and assigns of any of them, from any civil or administrative monetary claims the United States has for the Covered Conduct, which includes filing any action for civil penalties under 21 U.S.C. § 842(a) based on, arising from, or related to the Covered Conduct. The EDCA CVS Pharmacy Retail Stores covered by this Agreement are specified in Attachment A.

3. Notwithstanding any term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any civil, criminal, or administrative liability arising under Title 26, United States Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based on obligations created by this Agreement; and
- f. Any liability of individuals.

4. CVS waives and shall not assert any defenses CVS may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

5. CVS fully and finally releases the United States, its agencies, officers, attorneys, employees, servants, and agents, from any claims (including attorneys' fees, costs and expenses of every kind and however denominated) that CVS has asserted, could have asserted, or may assert against the United States, its agencies, officers, attorneys, employees, servants, and agents

related to the investigation, litigation and settlement of its claims related to the Covered Conduct. CVS understands and acknowledges, however, that if the facts and/or potential claims with respect to liability or damages regarding the matters released herein are found hereafter to be different from facts now believed to be true or claims now believed to be available ("Unknown Claims"), CVS expressly accepts and assumes the risks of such possible difference in facts and/or potential claims and agrees that this Agreement shall remain effective notwithstanding any such differences. CVS intends by this Agreement, and the releases contained herein, to release fully, finally and forever all Unknown Claims that arise out of or relate to the matters released herein. CVS expressly waives all rights it may have by virtue of California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

6. CVS represents that it already has taken the following actions at the EDCA CVS Pharmacy Retail Stores to improve efforts to properly recordkeep and to detect and prevent diversion of controlled substances:

- a. Training on CSA compliance for its pharmacy staff in the EDCA CVS Pharmacy Retail Stores on an at least an annual basis;
- b. Corporate monitoring and intervention programs that assist in identifying and preventing the diversion of controlled substances in the EDCA CVS Pharmacy Retail Stores;
- c. Loss prevention oversight of the EDCA CVS Pharmacy Retail Stores through the corporate loss prevention program, which includes:

- i. Tracking Schedule 2 controlled substances through CVS's electronic perpetual inventory system;
- ii. Monitoring controlled substances to identify circumstances that require further investigation by CVS;
- d. The exclusion of controlled substances prescriptions from the prescription volume metric that can impact the compensation of certain pharmacy staff at EDCA CVS Pharmacy Retail Stores.

CVS understands that ongoing, new or continued violations of the Act would result in further enforcement actions and that nothing in this Agreement prevents the United States from taking further actions for violations not released herein.

7. With respect to the Covered Conduct, CVS agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement, and upon reasonable notice, CVS shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. CVS further agrees to furnish to the United States, upon request, complete and unredacted copies of all non-privileged, non-attorney work-product documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

8. Except as otherwise stated herein, each Party to this Agreement shall bear its own costs, attorneys' fees, and other expenses incurred in any manner in connection with the

investigation, litigation, and resolution of this matter, including the preparation and performance of this Agreement.

9. CVS agrees that any and all costs it has or will incur in connection with this matter, including payment of the Settlement Amount, attorneys' fees, costs of investigation, negotiation, and any remedial actions taken before or following the Effective Date of this Agreement, shall be unallowable costs for government contract accounting and for Medicare, Medicaid, TRICARE, and FEHBP reimbursement purposes.

10. This Agreement binds and is intended to benefit only the Parties. The Parties do not release any claims against any other person or entity not expressly released by this Agreement. This Agreement is specifically limited to the Office of the United States Attorney for the Eastern District of California and cannot bind other federal, state, or local authorities and jurisdictions.

11. This Agreement inures to the benefit of and is binding on each Party and its respective successors, transferees, heirs, and assigns.

12. Each Party warrants that it has been represented by, and has sought and obtained the advice of, independent legal counsel with regard to the nature, purpose, and effect of this Agreement. The Agreement was negotiated by the Parties and their respective counsel, each of whom had the opportunity to participate in the drafting thereof. The Parties hereby declare that the terms of this Agreement have been completely read, fully understood, and voluntarily accepted following opportunity for review by legal counsel of their choice.

13. Each of the Parties warrants and represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion. Each of the Parties further warrants and represents that no other Party or its representative has made any promise,



representation or warranty, express or implied, except as expressly set forth in this Agreement, and that no Party has relied on any inducements, promises, or representations made by any Party to this Agreement, or its representatives, or any other person, except as expressly set forth herein.

14. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the Parties listed below.

15. For purposes of construction, this Agreement shall be deemed to have been drafted by all Parties to this Agreement. The words of this Agreement shall not, therefore, be construed against any Party for that reason in any subsequent dispute, but shall be construed so as to effect their fair meaning.

16. The Parties consent to the disclosure of this Agreement, and of information about this Agreement, to the public.

17. This Agreement constitutes the complete agreement between the Parties, and supersedes and replaces any prior negotiations and agreements, whether written or oral, regarding the resolution of the claims between the Parties with respect to the subject matter hereof.

18. This Agreement may not be altered, amended, or modified, except by a writing duly executed by authorized representatives of all Parties.

19. This Agreement may be executed in counterparts, including by facsimile, PDF, or other electronic form of signature, each of which constitutes an original and all of which constitute one and the same Agreement.

20. This Agreement is governed by the laws of the United States. The Parties agree that, should any judicial action be required to enforce or interpret this Agreement, or to resolve

any dispute hereunder, the exclusive jurisdiction and venue for such action shall be in the United States District Court for the Eastern District of California.

21. This Agreement is effective, final, and binding as of the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). The United States agrees to notify CVS within a reasonable time when the final signatory has executed this Agreement.

22. The statements set forth in the preceding Sections of this Agreement are incorporated by reference herein as if set forth in full.

THE UNITED STATES OF AMERICA

Dated: 7/5/2017

By: 

M. Anderson Berry  
Assistant U.S. Attorney  
Eastern District of California

CVS

Dated: 27 June 2017

By: 

Elizabeth Ferguson  
Senior Vice President, Deputy General Counsel  
CVS Pharmacy, Inc.

Approved as to form and content:

Dated: June 28, 2017

By: 

Linden Barber, Esq.  
Quarles & Brady, LLP  
Counsel for CVS Pharmacy, Inc.

**ATTACHMENT A**

**CVS Pharmacy Retail Stores in the Eastern District of California  
covered by the Settlement Agreement entered into by and  
between the United States and CVS.**

<b>ADDRESS</b>	<b>STORE #</b>	<b>CITY</b>	<b>COUNTY</b>	<b>STATE</b>	<b>ZIP CODE</b>
515 S STATE HIGHWAY 49	9233	Jackson	Amador	CA	95642
1074 Oro Dam Boulevard East	9158	Oroville	Butte County	CA	95965
1120 Forest Avenue	2881	Chico	Butte County	CA	95928
1496 East Avenue	7506	Chico	Butte County	CA	95926
260 Spruce Street	9525	Gridley	Butte County	CA	95948
2780 Esplanade	7128	Chico	Butte County	CA	95973
6800 Skyway Blvd.	9930	Paradise	Butte County	CA	95969
801 East Avenue	9599	Chico	Butte County	CA	95926
850 Oroville Dam Boulevard	9158	Oroville	Butte County	CA	95965
200 Highway 12, Bldg D	9390	Valley Springs	Calaveras County	CA	95252
41 North Main Street	9539	Angels Camp	Calaveras County	CA	95222
1043 Emerald Bay Road	9713	South Lake Tahoe	El Dorado County	CA	96150
3020 Green Valley Road, Suite B	6793	Cameron Park	El Dorado County	CA	95682
3471 Lake Tahoe Boulevard	9376	South Lake Tahoe	El Dorado County	CA	96150
3500 Palmer Drive	3009	Cameron Park	El Dorado County	CA	95682
3964-A Missouri Flat Road	9184	Placerville	El Dorado County	CA	95667
4400 Latrobe Street	3909	El Dorado Hills	El Dorado County	CA	95762
6450 Pony Express Trail	9490	Pollock Pines	El Dorado County	CA	95726
10 Shaw Avenue	9801	Clovis	Fresno County	CA	93612
1065 West Manning Avenue	9377	Reedley	Fresno County	CA	93654
1107 North Willow Avenue	3940	Clovis	Fresno County	CA	93611
111 East Merced Street	9710	Fowler	Fresno County	CA	93625
1113 East Champlain Drive	9391	Fresno	Fresno County	CA	93720
1302 Fulton Mall	9129	Fresno	Fresno County	CA	93721
1325 West Shields Avenue	9537	Fresno	Fresno County	CA	93705
1405 Herndon Avenue	9933	Clovis	Fresno County	CA	93611

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ADDRESS	STORE #	CITY	COUNTY	STATE	ZIP CODE
14967 West Whitesbridge Road	4446	Kerman	Fresno County	CA	93630
1794 Ashlan Avenue	7910	Clovis	Fresno County	CA	93611
2133 Shaw Avenue	3925	Clovis	Fresno County	CA	93611
29412 Auberry Road	9399	Prather	Fresno County	CA	93651
3011 East Shields Avenue	7553	Fresno	Fresno County	CA	93726
333 Academy Avenue	3034	Sanger	Fresno County	CA	93657
4077 West Clinton Avenue	9971	Fresno	Fresno County	CA	93722
4987 North Fresno Street	6772	Fresno	Fresno County	CA	93710
5180 East Kings Canyon Road	5422	Fresno	Fresno County	CA	93727
5995 East Kings Canyon Road	10074	Fresno	Fresno County	CA	93727
634 Shaw Avenue	9801	Clovis	Fresno County	CA	93612
6720 North Fresno Street	10801	Fresno	Fresno County	CA	93720
6750 North Cedar Avenue	9149	Fresno	Fresno County	CA	93710
6800 North Milburn Avenue	9846	Fresno	Fresno County	CA	93722
7096 North West Avenue	9865	Fresno	Fresno County	CA	93711
728 West Shaw Avenue	9994	Fresno	Fresno County	CA	93704
920 Herndon Avenue	9933	Clovis	Fresno County	CA	93612
929 Sierra Street	9983	Kingsburg	Fresno County	CA	93631
869 Newville Road	9188	Orland	Glenn County	CA	95963
11300 Ming Avenue	4221	Bakersfield	Kern County	CA	93301
2690 Mt. Vernon Avenue	9900	Bakersfield	Kern County	CA	93306
3500 Stine Road	9204	Bakersfield	Kern County	CA	93309
4300 California Avenue	9200	Bakersfield	Kern County	CA	93309
4400 Coffee Road	9975	Bakersfield	Kern County	CA	93308
505 #B Bear Mountain Boulevard	10810	Arvin	Kern County	CA	93203
5184 Stockdale Highway	5495	Bakersfield	Kern County	CA	93309
6500 Niles Street	7001	Bakersfield	Kern County	CA	93306
6500 South Union Avenue	2768	Bakersfield	Kern County	CA	93307
6601 Stine Road	10921	Bakersfield	Kern County	CA	93313

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ADDRESS	STORE #	CITY	COUNTY	STATE	ZIP CODE
8200 G Stockdale Highway	9878	Bakersfield	Kern County	CA	93311
8929 Panama Road Suite B	10813	Lamont	Kern County	CA	93203
9628 Rosedale Highway	8913	Bakersfield	Kern County	CA	93311
150 South 11th Avenue	9828	Hanford	Kings County	CA	93230
2539 11th Avenue	9893	Hanford	Kings County	CA	93230
574 West Lacey Boulevard	9828	Hanford	Kings County	CA	93230
1109 Country Club Drive	9159	Madera	Madera County	CA	93637
1400 Howard Road	9986	Madera	Madera County	CA	93637
1456 East Yosemite Avenue	2423	Madera	Madera County	CA	93638
1612 Howard Road	9986	Madera	Madera County	CA	93637
40044 Highway 49, Suite F	9935	Oakhurst	Madera County	CA	93644
1651 Bellevue Road	3117	Atwater	Merced County	CA	95301
1970 Yosemite Parkway	7206	Merced	Merced County	CA	95341
300 Merced Mall	9623	Merced	Merced County	CA	95340
474 Winton Parkway	10360	Livingston	Merced County	CA	95334
10045 Combie Road	3947	Auburn	Nevada County	CA	95602
1005 Sutton Way	9155	Grass Valley	Nevada County	CA	95945
11411 Deerfield Drive	9174	Truckee	Nevada County	CA	96161
1030 Pleasant Grove Bv.	3862	Roseville	Placer County	CA	95678
1771 Pleasant Grove Blvd.	5091	Roseville	Placer County	CA	95747
2140 Grass Valley Highway	9914	Auburn	Placer County	CA	95603
3251 Stanford Ranch Road	9546	Rocklin	Placer County	CA	95765
388 Elm Street	9150	Auburn	Placer County	CA	95603
4785 Granite Drive	2661	Rocklin	Placer County	CA	95677
5090 Foothills Boulevard	9958	Roseville	Placer County	CA	95747
63 Lincoln Boulevard	9535	Lincoln	Placer County	CA	95648
8455 Auburn-Folsom Road	9526	Granite Bay	Placer County	CA	95746
850 North Lake Boulevard, Unit 14	9976	Tahoe City	Placer County	CA	96145
9280 Sierra College Boulevard	9993	Roseville	Placer County	CA	95661

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ADDRESS	STORE #	CITY	COUNTY	STATE	ZIP CODE
950 North Lake Boulevard, Suite 100	9976	Tahoe City	Placer County	CA	96145
1005 East Bidwell Street	9923	Folsom	Sacramento County	CA	95630
1063 C Street	3022	Galt	Sacramento County	CA	95632
1350 Florin Road	9823	Sacramento	Sacramento County	CA	95831
1587 West El Camino Avenue	2290	Sacramento	Sacramento County	CA	95833
1701 K Street	3945	Sacramento	Sacramento County	CA	95811
2050 Club Center Drive	4151	Sacramento	Sacramento County	CA	95835
2085 Fair Oaks Boulevard Bldg 2	9322	Sacramento	Sacramento County	CA	95825
2636 Marconi Avenue	5225	Sacramento	Sacramento County	CA	95821
2790 East Bidwell Street	3950	Folsom	Sacramento County	CA	95630
3301 Zinfandel Drive	4950	Rancho Cordova	Sacramento County	CA	95670
3338 Arden Way	9992	Sacramento	Sacramento County	CA	95825
3710 Franklin Boulevard	7136	Sacramento	Sacramento County	CA	95820
400 Howe Avenue	9322	Sacramento	Sacramento County	CA	95825
4959 Marconi Avenue	9809	Carmichael	Sacramento County	CA	95608
5039 Folsom Boulevard	3943	Sacramento	Sacramento County	CA	95819
5040 Laguna Boulevard	1825	Elk Grove	Sacramento County	CA	95758
5333 Elkhorn Boulevard	9826	Sacramento	Sacramento County	CA	95842
5420 Dewey Drive	9199	Fair Oaks	Sacramento County	CA	95628
6401 Mack Road	10005	Sacramento	Sacramento County	CA	95823
7465 Rush River Drive, Suite 500	9972	Sacramento	Sacramento County	CA	95831
8101 Greenback Lane	9814	Fair Oaks	Sacramento County	CA	95627
8351 Elk Grove-Florin Road	3066	Sacramento	Sacramento County	CA	95829
8400 Bradshaw Road	0182	Elk Grove	Sacramento County	CA	95624
8585 Elk Grove Blvd	2124	Elk Grove	Sacramento County	CA	95624
8861 Greenback Lane	9487	Orangevale	Sacramento County	CA	95662
9285 Elk Grove Boulevard	9132	Elk Grove	Sacramento County	CA	95624
9479 Madison Avenue	9980	Folsom	Sacramento County	CA	95630
100 W. Lodi Avenue	9261	Lodi	San Joaquin County	CA	95240
1000 West Kettleman Lane	9243	Lodi	San Joaquin County	CA	95240
1175 West Lathrop Road	5403	Manteca	San Joaquin County	CA	95336

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ADDRESS	STORE #	CITY	COUNTY	STATE	ZIP CODE
1190 North Main Street	9866	Manteca	San Joaquin County	CA	95336
1201 West Main, Building 14	9949	Ripon	San Joaquin County	CA	95366
1885 West 11th Street	3908	Tracy	San Joaquin County	CA	95376
2605 West March Lane	9147	Stockton	San Joaquin County	CA	95207
3320 Tracy Boulevard	9855	Tracy	San Joaquin County	CA	95376
5070 West Lane	9916	Stockton	San Joaquin County	CA	95210
6632 Pacific Avenue	9830	Stockton	San Joaquin County	CA	95207
1060 East Cypress Avenue	3911	Redding	Shasta County	CA	96002
3375 Placer Street	9979	Redding	Shasta County	CA	96001
1057 North First Street	9950	Dixon	Solano County	CA	95620
1193 Admiral Callaghan Lane	9927	Vallejo	Solano County	CA	94589
149 Plaza Road	8977/9927	Vallejo	Solano County	CA	94591
191 Depot Street	9819	Vacaville	Solano County	CA	95688
2100 Columbus Parkway	9761	Benicia	Solano County	CA	94510
300 Travis Boulevard	9371	Fairfield	Solano County	CA	94533
3340 North Texas Street	9712	Fairfield	Solano County	CA	94533
3678 Sonoma Boulevard	9832	Vallejo	Solano County	CA	94590
377 E. Monte Vista Avenue	8973	Vacaville	Solano County	CA	95688
5059 Business Center Drive	3075	Fairfield	Solano County	CA	94534
625 Elmira Road	9917	Vacaville	Solano County	CA	95687
1080 Sperry Avenue	9763	Patterson	Stanislaus County	CA	95363
1520 East F Street	3944	Oakdale	Stanislaus County	CA	95361
1621 Lander Avenue	9919	Turlock	Stanislaus County	CA	95381
1700 McHenry Avenue	9248	Modesto	Stanislaus County	CA	95350
2020 West Briggsmore Avenue, Suite C	1467	Modesto	Stanislaus County	CA	95350
2075 East Hatch Road	9874	Modesto	Stanislaus County	CA	95351
2224 Patterson Road	3079	Riverbank	Stanislaus County	CA	95367
2412 Third Street, PO Box 970	9139	Hughson	Stanislaus County	CA	95326
2601 Oakdale, Building E	9884	Modesto	Stanislaus County	CA	95355
2900 Standiford	9171	Modesto	Stanislaus County	CA	95350
3100 Geer Road	2994	Turlock	Stanislaus County	CA	95382
801 Oakdale Rd Suite F	3077	Modesto	Stanislaus County	CA	95355

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ADDRESS	STORE #	CITY	COUNTY	STATE	ZIP CODE
901 North Carpenter Road, Suite 30	9308	Modesto	Stanislaus County	CA	95351
1274 Stabler Lane	9932	Yuba City	Sutter County	CA	95993
124 Belle Mill Road	3937	Red Bluff	Tehama County	CA	96080
455 South Main Street	3937	Red Bluff	Tehama County	CA	96080
1311 South Main Street	9973	Weaverville	Trinity County	CA	96093
109 South West Street	5551	Tulare	Tulare County	CA	93274
1102 North Demaree Street	2541	Visalia	Tulare County	CA	93291
1155 West Henderson Avenue	9845	Porterville	Tulare County	CA	93257
1395 East Prosperity Avenue	9176	Tulare	Tulare County	CA	93274
1455 East Noble Avenue	9500	Visalia	Tulare County	CA	93292
2135 North Dinuba Boulevard	2711	Visalia	Tulare County	CA	93291
2175 East Bardsley Avenue	0912	Tulare	Tulare County	CA	93274
3619 West Caldwell Avenue	9271	Visalia	Tulare County	CA	93277
53 East Olive Avenue	2944	Porterville	Tulare County	CA	93257
590 West Putnam Avenue, Suite 1	4652	Porterville	Tulare County	CA	93257
800 North Westwood Street	0035	Porterville	Tulare County	CA	93257
13763 Mono Way	9208	Sonora	Tuolumne County	CA	95370
1471 West Covell Road	9282	Davis	Yolo County	CA	95616
1550 Covell Blvd.	9142	Davis	Yolo County	CA	95616
7 West Main Street	9180	Woodland	Yolo County	CA	95695
906 East Street	9691	Marysville	Yuba County	CA	95901

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Connecticut:

Moffatt Tr. at 250:21-254:2

CVS-MDLT1-000060830-60838

1 involved.

2 BY MR. ELSNER:

3 Q. Have you ever seen any such documents  
4 related to investigation by the DEA?

5 MR. DELINSKY: Object to form.

6 A. I may have in connection with  
7 discussions with other lawyers, but nothing  
8 specific comes to mind.

9 MR. DELINSKY: I'd just like to put on  
10 the record that Special Master Cohen has  
11 addressed the subject of settlement agreements  
12 on the dispensing side in Discovery Ruling No.  
13 8, and he limited discovery as to the settlement  
14 agreements -- to the settlement agreements and  
15 the settlement agreements only, and to nothing  
16 else about the settlement agreements. These  
17 questions are going further than that which is  
18 allowed by Discovery Ruling 8, and I object to  
19 them on that ground.

20 BY MR. ELSNER:

21 Q. Are you aware that there was a DEA  
22 investigation of CVS in Connecticut?

23 A. I don't -- I wouldn't have been  
24 involved in that. Others would have handled it.

1 I don't specifically recall Connecticut.

2 MR. DELINSKY: And, Mike, you'd  
3 previously indicated that you hoped to finish by  
4 1:00 or earlier. It's now 1:20. Could you give  
5 us a sense of where you are? We've been going  
6 an hour. I'm just trying to --

7 MR. ELSNER: There are three  
8 additional settlements I want to address and ask  
9 some wrap-up questions. So I'm happy to take a  
10 break now if you want to do that, if you want to  
11 take a break and go to lunch, we could do that.  
12 But it took a little longer than I anticipated,  
13 so...

14 MR. DELINSKY: Can you give us an  
15 estimate? If it's a half hour, it's one thing.  
16 If it's another hour, that's another.

17 MR. ELSNER: Why don't we go off the  
18 record and discuss it.

19 THE VIDEOGRAPHER: We're going off the  
20 record at 1:21 p.m.

21 (Whereupon, a recess was taken.)

22 THE VIDEOGRAPHER: We're back on the  
23 record at 1:31 p.m.

24 BY MR. ELSNER:

1           Q.     Mr. Moffatt, before we broke I had  
2     shared with you Exhibit 23, which is the  
3     settlement agreement between CVS and the DEA  
4     concerning the DEA's investigation of CVS stores  
5     in Connecticut, is that right?

6                     (Whereupon, CVS-Moffatt-23 was marked  
7                     for identification.)

8           MR. DELINSKY:   Object to form.

9           A.     Yeah, it appears to be stores in these  
10    two cities, Southington and New Britain.

11   BY MR. ELSNER:

12           Q.     And the DEA had determined that the  
13    Southington store on at least 2,886 occasions  
14    that CVS failed to keep paper Schedule III  
15    through Schedule V prescriptions, and invoices  
16    on 31 occasions with respect to the Southington  
17    store and with respect to the New Britain store.  
18    In Paragraph 3 the US determined that on 4,936  
19    instances CVS failed to keep paper Schedule III  
20    through V prescriptions in a readily retrievable  
21    manner from other prescriptions in the pharmacy.  
22    Is that right?

23                     MR. DELINSKY:   Object to form.

24           A.     I wasn't involved in this

1 investigation at all, but that appears to be a  
2 summary of that paragraph.

3 BY MR. ELSNER:

4 Q. And CVS entered a settlement with the  
5 DEA and agreed to pay \$600,000 in settlement, is  
6 that right?

7 A. That's in Section III, Paragraph 1.  
8 Again, I wasn't involved in this.

9 Q. Were you aware that CVS agreed to  
10 settle these -- this investigation with the DEA  
11 in that amount of \$600,000?

12 A. I have no specific recollection of  
13 this matter. To the extent I learned anything  
14 about it, it would have been through discussions  
15 between attorneys.

16 Q. And the settlement agreement was  
17 executed on behalf of Connecticut CVS Pharmacy,  
18 LLC by Betsy Ferguson, the president and deputy  
19 general counsel for CVS Health Corporation, is  
20 that right?

21 A. That's what her signature block says,  
22 yes.

23 MR. DELINSKY: I believe it says  
24 senior vice president.

1 MR. ELSNER: Senior vice president.

2 A. Yes.

3 BY MR. ELSNER:

4 Q. And did you have a role with respect  
5 to Connecticut CVS Pharmacy, LLC?

6 A. Yes. I'm president of that entity.

7 Q. And were you through the period of  
8 time of this investigation?

9 A. It says that it began January, 2016,  
10 so yes.

11 Q. Okay. Are you currently the  
12 president?

13 A. Yes.

14 Q. Were you aware that there was an  
15 investigation by the DEA of CVS stores in  
16 Massachusetts?

17 A. I'm not specifically involved in any  
18 of these, so I don't recall that one in  
19 particular.

20 Q. Okay. Here's Exhibit 24.

21 (Whereupon, CVS-Moffatt-24 was marked  
22 for identification.)

23 BY MR. ELSNER:

24 Q. Which is Motley Rice 243. This was an

## SETTLEMENT AGREEMENT

### I. PARTIES

This Settlement Agreement is entered into this 20~~th~~ day of October, 2016 between the United States of America, Department of Justice ("United States") acting through the United States Attorney's Office, District of Connecticut, and CVS Pharmacy, Inc. ("CVS").

### II. BACKGROUND

1. CVS operates retail pharmacies in the State of Connecticut, including stores located at 326 Main Street, Southington, Ct. 06489 (CVS # 01060) and 713 West Main Street, New Britain, Ct. 06053 (CVS # 0760).
2. As a result of an investigation into both pharmacies that began during January 2016, conducted by the United States Drug Enforcement Administration, Hartford Connecticut Office Diversion Group, the United States contends that at the Southington Store (CVS # 01060) on at least 2,886 occasions, CVS failed to keep paper Schedule III-V prescriptions either in a separate prescription file or readily retrievable from other prescription records, which the United States contends to be in violation of 21 U.S.C. 827(b)(2)(A) and (B) and 21 C.F.R. 1304.04 (h)(4). The United States further contends that at the Southington Store (CVS # 01060) CVS failed to keep Schedule III-V purchase invoices on at least 31 occasions in separate or in a readily retrievable manner from all other records of the pharmacy, which the United States contends to be in violation of 21 U.S.C. 827(b)(2)(A) and (B) and 21 C.F.R. 1304.04(h)(3).

3. As a result of the investigation into the New Britain store (CVS # 0760), the United States contends in at least 4,936 instances CVS failed to keep paper Schedule III-V prescriptions either in a separate prescription file or in a readily retrievable manner from other prescription records of the pharmacy, which the United States contends to be in violation 21 U.S.C. 827(b)(2)(A) and (B) and 21 C.F.R 1304.04 (h)(4). The United States further contends that at the New Britain Store (CVS# 0760) CVS failed to keep Schedule II paper prescriptions records in at least 6 occasions in a separate or readily retrievable manner from all other records of the pharmacy, which the United States contends to be in violation of 21 U.S.C. 827(b)(2)(A) and (B) and 21 C.F.R. 1304.04(h)(1).

4. CVS disputes the allegations of the United States.

5. The parties have agreed to settle, compromise, and resolve all existing claims under 21 U.S.C. 842(c)(1)(B) that directly arose out of the investigation conducted by the DEA.

### III. TERMS AND CONDITIONS OF THE AGREEMENT

1. CVS shall pay the United States the sum of Six Hundred Thousand Dollar (\$600,000) (the "Settlement Amount") pursuant to this Settlement Agreement. The payment shall be made within fourteen business days of the signing of this Settlement Agreement by all parties. Payment shall be made pursuant to Electronic Funds transfer pursuant to instructions to be provided by the United States. All costs associated with the wire transfer shall be the responsibility of CVS.

2. In exchange for and in consideration of CVS's compliance with this



Settlement Agreement, the United States agrees to settle and relinquish only those civil penalty claims, causes of action, suits, debts, in law or equity, against CVS under 21 U.S.C. § 827 which were discovered during the course of DEA's investigation.

3. By entering into this Settlement Agreement, CVS does not admit to the conclusions reached as a result of the investigation or to any violation of law, liability, fault, medical or pharmacy malpractice, misconduct, or wrongdoing.

4. CVS agrees to comply with the Controlled Substances Act, 21 U.S.C. Section 801 et seq. and the regulations promulgated under it. (hereinafter the "Act")

5. This Settlement Agreement shall be applicable to all current and future retail pharmacies operated within the State of Connecticut by CVS. This Settlement Agreement relates only to CVS's retail pharmacy business and does not relate to any other operation or business conducted by CVS Pharmacy, Inc., CVS Health Corporation or its affiliates such as mail order business, speciality and apothecary pharmacy business and Internet pharmacy business, unless specifically provided in the Settlement.

6. Obligations of CVS

- a. CVS acknowledges that its pharmacies are required to maintain complete and accurate records of each controlled substance manufactured, received, sold, delivered, dispensed or otherwise disposed of by the registrant, 21 U.S.C. 827(a)(3); 21 C.F.R. 1304.03, 1304.21.

- b. CVS acknowledges that the Act and the regulations promulgated thereunder further require that certain records be readily retrievable and kept separate from the ordinary business records of the registrant for inspection and copying thereof by officers or employees of DEA for a period of two years. 21 U.S.C. 827(b); 21 C.F.R. 1304.04.
- c. CVS shall maintain specific controlled substance records required to be maintained at the registered location in a specially segregated filing location (e.g., labeled regulatory record boxes, also known as "white boxes," currently used in CVS locations). Any such filing system whether in paper or electronic form shall be organized to segregate and readily identify the following records: (i) copies of pharmacy licenses and powers of attorney; (ii) biennial and annual inventory records; (iii) returns, invoices and destruction records; (iv) drug loss reporting forms; (v) executed DEA 222 forms and Schedule II invoices by months; and (vi) Schedule III-V invoices by months.
- d. The pharmacist-in-charge (hereinafter the "PIC") at each CVS pharmacy retail store in Connecticut has responsibility for maintaining controlled substance records. The PIC shall ensure that controlled substance records are maintained according to DEA regulations.

- e. CVS acknowledges that each of its retail stores is required to implement effective controls and procedures to guard against theft and diversion of controlled substances. 21 C.F.R. 1301.07(a).
- f. CVS shall continue providing training programs related to regulatory requirements and security for handling controlled substances and the civil and criminal consequences of not meeting these requirements, and it shall continue to commit appropriate resources to conduct training programs for all of its pharmacists and pharmacy technicians annually for at least the next three years.
- g. CVS further agrees that the active pharmacy supervisors, district managers, regional loss prevention managers, regional managers, and the area loss prevention managers and the area loss prevention director for the State of Connecticut shall attend a training session to be hosted at a mutually agreeable date, time, and location by the United States Attorney's Office for the District of Connecticut and the United States Drug Enforcement Administration, Hartford Connecticut Office Diversion Group ("Government meeting"). At the Government training session, the Government shall provide information concerning federal regulatory obligations related to controlled substances.

h. CVS agrees that it shall participate in the Government training session in good faith and shall disseminate any written information provided at the training session to all active pharmacists and pharmacy technicians in Connecticut within one year of the meeting. CVS shall maintain a record documenting that the written information has been provided to the active pharmacists and pharmacy technicians in Connecticut. The Government training session shall be in addition to the recurring controlled substances training that CVS currently provides to its pharmacy staff.

7. This Settlement Agreement shall inure to the benefit of and is binding on CVS, and its respective successors, transferees and assigns.

8. Each party agrees that they shall bear their own legal and other costs incurred in connection with this matter including its preparation and performance of this agreement.

9. This Settlement Agreement constitutes the complete agreement between the parties.

10. This Settlement Agreement, and the conditions contained herein, in no way prevents, precludes or prejudices the United States' right to enforce the Act and the regulations promulgated thereunder by commencing a civil, criminal, or administrative action against CVS for any violations which CVS or its entities engages in after the date of this Settlement Agreement or in which CVS or its entities previously engaged in but are not presently known to the United States.

11. This Settlement Agreement shall be governed by the laws of the United States. The parties agree that the exclusive jurisdiction and venue for any dispute arising under this Settlement Agreement shall be the United States District Court for the District of Connecticut.

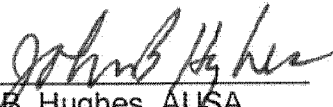
12. CVS acknowledges that it has consulted with counsel, read this Settlement Agreement and understands that as of the date of its execution, it will be a matter of public record.

13. Each person that signs this Settlement Agreement in a representative capacity warrants that he or she is duly authorized to do so.


14. This Settlement Agreement shall become final and binding only upon the signature by each party herein.

**UNITED STATES OF AMERICA**

Dated: 10-20-16


By:   
John B. Hughes, AUSA  
Chief Civil Division  
U.S. Attorney's Office  
District of Connecticut

Dated: 10/20/16

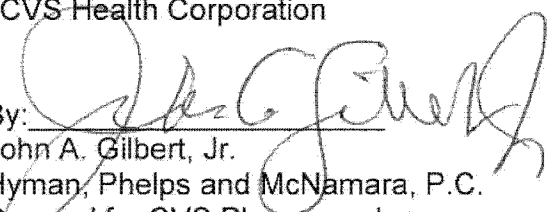
By:   
Alan M. Soloway, AUSA  
U.S. Attorney's Office  
District of Connecticut

**CONNECTICUT CVS PHARMACY, L.L.C.**

Dated: 10/18/2016

By:   
Elizabeth S. Ferguson, Senior Vice  
President and Deputy General Counsel  
CVS Health Corporation

Dated: 10/5/16

By:   
John A. Gilbert, Jr.  
Hyman, Phelps and McNamara, P.C.  
Counsel for CVS Pharmacy, Inc.

U.S. ATTORNEY'S OFFICE  
NEW HAVEN, CONNECTICUT

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Florida:

Moffatt Tr. at 175:3-177:15

CVS-MDLT1-00060796-60804



1 attorney in the legal department, but not due to  
2 my role as president of Holiday.

3 MR. ELSNER: Okay. I'm going to mark  
4 this next document as the next exhibit, which is  
5 MR 68, and it's Exhibit 14 to the deposition.

6 (Whereupon, CVS-Moffatt-14 was marked  
7 for identification.)

8 BY MR. ELSNER:

9 Q. This is CVS-60796 through 60804. This  
10 is a settlement agreement, is it not, between  
11 CVS Health and the -- and its subsidiaries and  
12 the DEA related to the DEA's investigation of  
13 stores 219 and 5195 in Sanford, Florida,  
14 correct?

15 A. Yes, that appears to be correct.

16 Q. And it was the DEA's position, the US  
17 government's position that CVS had failed in its  
18 responsibilities under the Controlled Substances  
19 Act, correct?

20 MR. DELINSKY: Object to form.

21 A. I was not involved in this settlement  
22 agreement, so I mean, I'd have to go through the  
23 whole thing to agree with your characterization  
24 of what's in here.

1 BY MR. ELSNER:

2 Q. Well, if we turn to Page 3 of the  
3 settlement agreement, under paragraph I, it  
4 reads the "DEA revoked the registrations issued  
5 to CVS stores 219 and 5195 in an order published  
6 on October 12, 2012" in the Federal Register.  
7 The "DEA revoked the registrations of the DEA  
8 stores...based, among other things, on their  
9 failure to fulfill their corresponding  
10 responsibilities under 21 CFR 1306.04," which is  
11 the Controlled Substances Act.

12 Are you aware of that?

13 A. I was not involved in putting this  
14 together or anything like that. I was generally  
15 aware of the actions taken against the two  
16 stores.

17 Q. Okay. And were you aware in  
18 Paragraph 12 that CVS -- on Page 3, that "CVS  
19 acknowledges that certain CVS/pharmacy retail  
20 stores did dispense certain controlled  
21 substances in a manner not fully consistent with  
22 their compliance obligations under the CSA and  
23 its implementing regulations"?

24 A. I see that. It's paragraph K.

1 Q. Yes.

2 A. Yes.

3 Q. So, in fact, CVS agreed, did it not,  
4 that there were certain violations of the  
5 Controlled Substances Act in these two stores in  
6 Florida?

7 MR. DELINSKY: Object to form.

8 A. It says CVS acknowledges that certain  
9 stores dispensed controlled substances in a  
10 manner not fully consistent with their  
11 compliance obligations under the CSA and its  
12 implementing regulations.

13 BY MR. ELSNER:

14 Q. Right.

15 A. That's what it says, yes.

16 Q. And if we turn to Page 4, it says,  
17 small Roman Numeral iii in the middle of the  
18 page, these are the determinations or findings  
19 by the DEA, it says "Dispensing, on or before  
20 the Effective Date of this Agreement, by the  
21 Florida CVS/pharmacy retail store of controlled  
22 substances to individuals CVS knew or should  
23 have known were diverting controlled  
24 substances."

### **SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is entered into by and among the United States Attorney’s Office for the Middle District of Florida, acting on behalf of the United States, the Drug Enforcement Administration (“DEA”) for the Miami Division, and CVS Health and all of its subsidiaries and affiliates (collectively “CVS”) (each a “Party” and collectively the “Parties”).

### **RECITALS**

A. CVS Health is a Delaware corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS Health, directly or through its retail pharmacy subsidiaries and affiliates, and through its CVS/pharmacy division, operates retail pharmacies in the State of Florida that dispense prescription drugs, including controlled substances, to retail consumers (hereafter referred to as “CVS/pharmacy retail stores”). Through its CVS/caremark division, CVS also operates mail service pharmacies that dispense prescription drugs, including controlled substances, by mail to retail consumers.

B. Each CVS/pharmacy retail store in Florida is separately registered with DEA and is assigned a unique DEA registration number that authorizes it to dispense controlled substances pursuant to the provisions of the Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.* (“CSA”), and its implementing regulations. The CVS/pharmacy retail stores located in Florida will be referred to collectively herein as “Florida CVS/pharmacy retail stores.”

C. Pharmacies registered with DEA as chain pharmacies are permitted to dispense prescriptions, including controlled substances, to their walk-in customers as well as by mail. For purposes of this Agreement, “Florida CVS/pharmacy retail stores” include those CVS entities,

subsidiaries, and affiliates that are located in Florida and that dispense prescriptions, including controlled substances, by mail.

D. CVS also owns and operates distribution centers in Florida that are or were registered with DEA as distributors of Schedules III-V controlled substances (collectively "Florida Distribution Centers"). Each CVS Distribution Center is separately registered with DEA and is assigned a unique DEA registration number that authorizes it to distribute controlled substances pursuant to the rules and regulations in the CSA and its implementing regulations.

E. CVS acknowledges that all of its DEA-registered CVS/pharmacy retail stores and Distribution Centers were and are required to comply with the CSA and the regulations promulgated thereunder.

F. The CSA prohibits the distribution of a controlled substance without a valid prescription. 21 U.S.C. § 842(a)(1). To be valid, a prescription must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his or her professional practice. 21 C.F.R. § 1306.04.

G. CVS acknowledges that it has a corresponding responsibility to dispense only those prescriptions that have been issued for a legitimate medical purpose by an individual practitioner acting in the usual course of professional practice and that knowingly filling a prescription not in the usual course of professional treatment or in legitimate and authorized research subjects CVS to penalties under the CSA. 21 C.F.R. § 1306.04.

H. On October 18, 2011, DEA served Administrative Inspection Warrants on two CVS/pharmacy retail stores in Florida: (i) Store 219, which was registered with DEA as a chain pharmacy authorized to dispense controlled substances in Schedules II-V controlled substances under DEA registration number BC5289055 at 3798 Orlando Drive, Sanford, Florida; and (ii)

Store 5195, which was registered with DEA as a chain pharmacy authorized to dispense controlled substances in Schedules II-V under DEA registration number BC6988298 at 4639 West 1<sup>st</sup> Street, Sanford, Florida.

I. DEA revoked the registrations issued to CVS stores 219 and 5195 in an order published on October 12, 2012. *See* 77 Fed. Reg. 62316-01 (Oct. 12, 2012). DEA revoked the registrations of DEA stores 219 and 5195 based, among other things, on their failure to fulfill their corresponding responsibilities under 21 C.F.R. § 1306.04.

J. The United States contends that CVS failed to fulfill its corresponding responsibility under 21 C.F.R. § 1306.04 and thus is subject to civil penalties under 21 U.S.C. § 842(a)(1) and § 842(c)(1).

K. CVS acknowledges that certain CVS/pharmacy retail stores did dispense certain controlled substances in a manner not fully consistent with their compliance obligations under the CSA and its implementing regulations.

L. At all times relevant herein, the CSA authorized the imposition of civil penalties for each of the categories of Covered Conduct as described in paragraph 2 below.

To avoid the delay, expense, inconvenience, and uncertainty of litigation of the above claims, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

**TERMS AND CONDITIONS**

1. Paragraphs A-L set forth above are fully adopted herein.
2. For purposes of this Agreement, "Covered Conduct" shall mean the following:

Florida CVS/pharmacy Retail Stores

(i) Conduct alleged in the February 2, 2012 Orders to Show Cause and Immediate Suspension Orders issued to CVS stores 219 and 5195 and in DEA's filings in *In the Matter of Holiday CVS, L.L.C., d/b/a CVS/Pharmacy #00219 and Holiday CVS, L.L.C., d/b/a CVS/Pharmacy #05195*, Docket Nos. 12-37 and 12-38;

(ii) Failure of any Florida CVS/pharmacy retail store, on or before the Effective Date of this Agreement, to fulfill its corresponding responsibility to ensure that CVS dispensed controlled substances only pursuant to prescriptions issued for legitimate medical purposes by practitioners acting in the usual course of their professional practice, as required by 21 C.F.R. § 1306.04, and the dispensing, on or before the Effective Date of this Agreement, by any Florida CVS/pharmacy retail store of controlled substances pursuant to prescriptions that were invalid under 21 C.F.R. Part 1306;

(iii) Dispensing, on or before the Effective Date of this Agreement, by any Florida CVS/pharmacy retail store of controlled substances to individuals CVS knew or should have known were diverting controlled substances;

(iv) Dispensing, on or before the Effective Date of this Agreement, by any Florida CVS/pharmacy retail store of controlled substances pursuant to prescriptions issued by physicians who did not have current, valid DEA registrations;

(v) Refusal or negligent failure, on or before the Effective Date of this Agreement, by any Florida CVS/pharmacy retail store to make, keep, or furnish any record, report, notification, declaration, order or order form, statement, invoice, or information required under subchapter I or subchapter II of the CSA and the CSA's implementing regulations, including, but not limited to, failure by any Florida CVS/pharmacy retail store to comply with

the record-keeping obligations contained in 21 C.F.R. Part 1304, and to comply with regulations regarding prescriptions contained in 21 C.F.R. Part 1306; and

(vi) Conduct by any Florida CVS/pharmacy retail store that occurred on or before the Effective Date of this Agreement and that is inconsistent with or in violation of the CSA and/or its implementing regulations.

Florida Distribution Centers

(vii) Failure, on or before the Effective Date of this Agreement, by any Florida Distribution Center to maintain effective controls against the diversion of controlled substances into other than legitimate medical, scientific, and industrial channels, as required by 21 U.S.C. § 823(e);

(viii) Failure, on or before the Effective Date of this Agreement, by any Florida Distribution Center to timely detect and report suspicious orders of controlled substances, as required by 21 U.S.C. §§ 822 and 823 and 21 C.F.R. § 1301.74(b);

(ix) Distribution, on or before the Effective Date of this Agreement, by any Florida Distribution Center of controlled substances to a Florida CVS/pharmacy retail store that the Distribution Center knew or should have known was engaged in any of the Covered Conduct described above in paragraphs 2(i)-2(vi);

(x) Failure, on or before the Effective Date of this Agreement, by any Florida Distribution Center to make and complete accurate reports through the Automation of Reports and Consolidated Orders System (ARCOS), as required by 21 U.S.C. § 827;

(xi) Refusal or negligent failure, on or before the Effective Date of this Agreement, by any Florida Distribution Center to make, keep, or furnish any record, report,



notification, declaration, order or order form, statement, invoice, or information required under subchapter I or subchapter II of the CSA and the CSA's implementing regulations; and

(xii) Conduct by any Florida Distribution Center that occurred on or before the Effective Date of this Agreement and that is inconsistent with or in violation of the CSA and/or its implementing regulations.

3. CVS shall pay to the United States the total sum of \$22,000,000.00 (twenty-two million dollars and no cents) (the "Settlement Amount") within ten (10) business days after the Effective Date of this Agreement by electronic funds transfer pursuant to the written instructions provided to CVS by the United States Attorney's Office for the Middle District of Florida.

4. In consideration of the undertakings of the United States contained herein, CVS fully and finally releases the United States, its agencies, officers, employees, servants, and agents from any claims (including attorney's fees, costs and expenses of every kind and however denominated) that CVS has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, employees, servants, and agents related to the investigation, prosecution, and settlement of the Covered Conduct, provided, however, that CVS reserves and does not release any liability based on obligations created by this Agreement.

5. In consideration of the undertakings by CVS, and subject to the exceptions in Paragraph 6 below (concerning excluded claims), and conditioned upon CVS's full payment of the Settlement Amount, the United States Attorney's Office for the Middle District of Florida, acting on behalf of the United States, and the DEA for the Miami Division agree to:

(i) Release and refrain from instituting any administrative claims against CVS or any of its subsidiaries or affiliates and any of the officers, directors, employees, agents, successors, and assigns of each, arising from or related to the Covered Conduct;

(ii) Refrain from filing any action for civil penalties under 21 U.S.C. § 842 based on, arising from, or related to the Covered Conduct.

6. Notwithstanding the releases given in Paragraph 5 of this Agreement, the United States specifically reserves and does not release:

- (i) Any federal criminal liability;
- (ii) Any criminal, civil, or administrative claim arising under Title 26, United States Code (Internal Revenue Code);
- (iii) Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct; and
- (iv) Any liability based on obligations created by this Agreement.

7. Nothing in this Agreement constitutes an Agreement by the United States Attorney's Office concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

8. This Agreement binds and is intended to benefit only the Parties. This Agreement is not intended to be, and shall not be interpreted to constitute, a release of any person or entity not identified or referred to herein. This Agreement is specifically limited to the Office of the United States Attorney for the Middle District of Florida and the DEA for the Miami Division and cannot bind other federal, state, or local authorities and jurisdictions.

9. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

10. Each Party and signatory to this Agreement represents that he, she, or it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

11. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Middle District of Florida. For purposes of construing this Agreement, the Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not be construed against any Party for that reason in any subsequent dispute.

12. This Agreement constitutes the complete agreement between the Parties. All material representations, understandings, and promises of the Parties are contained in this Agreement. Each of the Parties expressly agrees and acknowledges that, in entering this Agreement, it is relying on only the statements and promises expressly set forth in this written Agreement. This Agreement cannot be amended, nor any provisions waived, except in writing and when signed by all Parties to this Agreement.

13. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the Parties listed below.

14. This Agreement may be executed in counterparts, including by facsimile, pdf, or other electronic form of signature, each of which constitutes an original and all of which constitute one and the same Agreement.

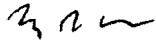
15. This Agreement inures to the benefit of and is binding on each Party and its respective successors, transferees, heirs, and assigns.

16. The Parties may disclose the existence of and information about this Agreement to the public without restriction.

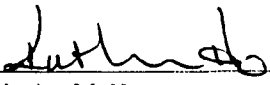
17. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). The United States agrees to notify CVS immediately when the final signatory has executed this Agreement.

[Signatures begin on next page.]


ON BEHALF OF THE UNITED STATES OF AMERICA:

  
\_\_\_\_\_  
Lacy R. Harwell, Jr.  
Chief, Civil Division  
United States Attorney's Office  
Middle District of Florida

DATE: 5-12-15

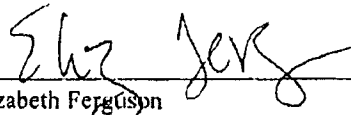
  
\_\_\_\_\_  
Katherine M. Ho  
Assistant U.S. Attorney  
United States Attorney's Office  
Middle District of Florida

DATE: 5-12-15

  
\_\_\_\_\_  
Adolphus Wright  
Acting Special Agent in Charge  
Drug Enforcement Administration,  
Miami Division

DATE: 5-11-15

ON BEHALF OF CVS PHARMACY, INC.:

  
\_\_\_\_\_  
Elizabeth Ferguson  
Senior Vice President, Assistant General Counsel  
CVS Pharmacy, Inc.

DATE: 12/18/2014

Maryland:

Moffatt Tr. at 200:6-204:22

CVS-MDLT1-000060805-60811

1 reporter, I'm sorry I forgot your name. Are you  
2 picking up on --

3 THE REPORTER: Yes.

4 MR. DELINSKY: -- the objections to  
5 forms? Thank you.

6 MR. ELSNER: I'm going to mark this  
7 next exhibit, which is Exhibit 16. This is MR  
8 70.

9 (Whereupon, CVS-Moffatt-16 was marked  
10 for identification.)

11 BY MR. ELSNER:

12 Q. Were you aware the DEA was conducting  
13 an investigation of CVS pharmacies in Maryland?

14 A. Others were handling this more  
15 directly. I was generally aware based on my  
16 role as an attorney.

17 Q. The investigation concerned potential  
18 violations of the Controlled Substances Act, and  
19 in particular it related to CVS's obligations  
20 with respect to corresponding responsibility  
21 between the pharmacist and the physician. Were  
22 you aware of that?

23 MR. DELINSKY: Object to form.

24 A. Others were handling this more

1 directly. I was generally aware of that based  
2 on my role as an attorney.

3 BY MR. ELSNER:

4 Q. If you turn to -- what I've placed  
5 before you is actually a settlement agreement  
6 which was entered into by CVS Pharmacy, Inc.  
7 with the DEA related to the DEA's investigation  
8 in Maryland, is that right?

9 A. Yes, that's what this appears to be.

10 Q. Okay. And if you turn to Page 2 of  
11 the settlement agreement under paragraph F, it  
12 reads that "The United States contends that CVS  
13 failed to fulfill its corresponding  
14 responsibilities under 21 CFR 1306.04," which is  
15 the Controlled Substances Act, and "is subject  
16 to civil penalties."

17 Did I read that correctly?

18 A. You did read that correctly.

19 Q. Okay. And in paragraph E it states  
20 that "CVS acknowledges that it has a  
21 corresponding responsibility to dispense only  
22 those prescriptions that have been issued for a  
23 legitimate medical purpose by an individual  
24 practitioner acting in the usual course of

1 professional practice and that knowingly filling  
2 a prescription not in the usual course of  
3 professional treatment or in legitimate and  
4 authorized research subjects CVS to penalties  
5 under the CSA," or the Controlled Substances  
6 Act, correct?

7 A. Yes, you read that correctly.

8 Q. Were you aware that CVS acknowledged  
9 in paragraph G that certain CVS Pharmacy retail  
10 stores in Maryland did dispense certain  
11 controlled substances in a manner not fully  
12 consistent with their compliance obligations  
13 under the CSA?

14 A. You read that portion of the paragraph  
15 G correctly as well.

16 Q. Were you aware that CVS had made that  
17 acknowledgment in the settlement agreement?

18 A. I was not involved in putting this  
19 settlement agreement together, and so I wouldn't  
20 have been involved in the wording here.

21 Q. If you turn to Page 3, it states --  
22 Page 3, Paragraph 3 at the very bottom, it  
23 states that CVS will pay the United States a sum  
24 of \$8 million in settlement, is that correct?



1           A.     Yes, that's what Paragraph 3 says.

2           Q.     Were you aware that CVS had entered  
3     into a settlement with the DEA related to  
4     violations of corresponding responsibilities of  
5     its CVS pharmacies in Maryland for an amount of  
6     \$8 million?

7                     MR. DELINSKY: Object to form.

8           A.     I wasn't involved in the whole  
9     process, but that appears to be what this says.  
10    It also says that it was done to avoid the  
11    delay, expense, and inconvenience and  
12    uncertainty of litigation. So it's not  
13    necessarily, you know, an admission, but...

14   BY MR. ELSNER:

15           Q.     The DEA had reached certain findings,  
16    and you could have fought those findings in  
17    court, but rather than doing that you entered  
18    into a settlement in the amount of \$8 million,  
19    is that right?

20                     MR. DELINSKY: Object to form.

21           A.     Again, there's another attorney, or  
22    other attorneys would have been responsible for  
23    making that sort of decision, and the reasons  
24    behind it. I'm not involved in that process.

1 BY MR. ELSNER:

2 Q. Okay. But CVS agreed to it and they  
3 signed -- Betsy Ferguson on behalf of CVS  
4 Pharmacy, Inc. executed the settlement agreement  
5 in February of 2016, correct?

6 A. Yes.

7 MR. DELINSKY: Could we take a quick  
8 five minutes?

9 MR. ELSNER: Sure. Absolutely.

10 THE VIDEOGRAPHER: We're going off the  
11 record at 12:16 p.m.

12 (Whereupon, a recess was taken.)

13 THE VIDEOGRAPHER: We're back on the  
14 record at 12:24 p.m.

15 BY MR. ELSNER:

16 Q. Mr. Moffatt, were you a secretary or  
17 president of any of the pharmacies in Maryland  
18 that were subject of the DEA investigation and  
19 CVS settlement with the DEA?

20 MR. DELINSKY: Object to form.

21 A. I was president of the entity that  
22 operated those pharmacies, yes.

23 BY MR. ELSNER:

24 Q. Were you aware that the DEA also

### **SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is entered into by and among the United States Attorney's Office for the District of Maryland, acting on behalf of the United States, the Drug Enforcement Administration ("DEA") for the Washington Division, and CVS Pharmacy, Inc. and all of its subsidiaries and affiliates (collectively "CVS") (each a "Party" and collectively the "Parties").

### **RECITALS**

A. CVS Pharmacy, Inc. is a Rhode Island corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS, directly or through its retail pharmacy subsidiaries and affiliates, and through its CVS/pharmacy division, operates retail pharmacies in the State of Maryland that dispense prescription drugs, including controlled substances, to retail consumers (hereafter referred to as "CVS/pharmacy retail stores").

B. Each CVS pharmacy retail store in Maryland is separately registered with DEA and is assigned a unique DEA registration number that authorizes it to dispense controlled substances pursuant to the provisions of the Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.* ("CSA"), and its implementing regulations. The CVS/pharmacy retail stores located in Maryland will be referred to collectively herein as "Maryland CVS/pharmacy retail stores."

C. CVS acknowledges that all of its DEA-registered CVS/pharmacy retail stores were and are required to comply with the CSA and the regulations promulgated thereunder.

D. The CSA prohibits the distribution of a controlled substance without a valid prescription. 21 U.S.C. § 842(a)(1). To be valid, a prescription must be issued for a

legitimate medical purpose by an individual practitioner acting in the usual course of his or her professional practice. 21 C.F.R. § 1306.04.

E. CVS acknowledges that it has a corresponding responsibility to dispense only those prescriptions that have been issued for a legitimate medical purpose by an individual practitioner acting in the usual course of professional practice and that knowingly filling a prescription not in the usual course of professional treatment or in legitimate and authorized research subjects CVS to penalties under the CSA. 21 C.F.R. § 1306.04.

F. The United States contends that CVS failed to fulfill its corresponding responsibility under 21 C.F.R. § 1306.04 and thus is subject to civil penalties under 21 U.S.C. § 842(a)(1) and § 842(c)(1).

G. CVS acknowledges that certain CVS/pharmacy retail stores in Maryland did dispense certain controlled substances in a manner not fully consistent with their compliance obligations under the CSA and its implementing regulations by not conducting “corresponding responsibility” when dispensing certain controlled substances in some instances between 2008 and 2012.

H. At all times relevant herein, the CSA authorized the imposition of civil penalties for each of the categories of Covered Conduct as described in paragraph 2 below.

To avoid the delay, expense, inconvenience, and uncertainty of litigation of the above claims, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

**TERMS AND CONDITIONS**

1. Paragraphs A-H set forth above are fully adopted herein.
2. For purposes of this Agreement, “Covered Conduct” shall mean the following:

Maryland CVS/pharmacy Retail Stores

(i) Failure of any Maryland CVS/pharmacy retail store, on or before the Effective Date of this Agreement, to fulfill its corresponding responsibility to ensure that CVS dispensed controlled substances only pursuant to prescriptions issued for legitimate medical purposes by practitioners acting in the usual course of their professional practice, as required by 21 C.F.R. § 1306.04;

(ii) Dispensing, on or before the Effective Date of this Agreement, by any Maryland CVS/pharmacy retail store of controlled substances to individuals CVS knew or should have known were diverting controlled substances;

(iii) Refusal or negligent failure, on or before the Effective Date of this Agreement, by any Maryland CVS/pharmacy retail store to make, keep, or furnish any record, report, notification, declaration, order or order form, statement, invoice, or information required under subchapter I or subchapter II of the CSA and the CSA's implementing regulations, including, but not limited to, failure by any Maryland CVS/pharmacy retail store to comply with the record-keeping obligations contained in 21 C.F.R. Part 1304; and

(iv) Conduct by any Maryland CVS/pharmacy retail store that occurred on or before the Effective Date of this Agreement and that is inconsistent with or in violation of the CSA and/or its implementing regulations.

3. CVS shall pay to the United States the total sum of \$8,000,000.00 (eight million dollars and no cents) (the "Settlement Amount") within ten (10) business days after the

Effective Date of this Agreement by electronic funds transfer pursuant to the written instructions provided to CVS by the United States Attorney's Office for the District of Maryland.

4. In consideration of the undertakings of the United States contained herein, CVS fully and finally releases the United States, its agencies, officers, employees, servants, and agents from any claims (including attorney's fees, costs and expenses of every kind and however denominated) that CVS has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, employees, servants, and agents related to the investigation, prosecution, and settlement of the Covered Conduct, provided, however, that CVS reserves and does not release any liability based on obligations created by this Agreement.

5. In consideration of the undertakings by CVS, and subject to the exceptions in Paragraph 6 below (concerning excluded claims), and conditioned upon CVS's full payment of the Settlement Amount, the United States Attorney's Office for the District of Maryland, acting on behalf of the United States, and the DEA for the Washington Division agree to:

(i) Release and refrain from instituting any administrative claims against CVS or any of its subsidiaries or affiliates and any of the officers, directors, employees, agents, successors, and assigns of each, arising from or related to the Covered Conduct;

(ii) Refrain from filing any action for civil penalties under 21 U.S.C. § 842 based on, arising from, or related to the Covered Conduct.

6. Notwithstanding the releases given in Paragraph 5 of this Agreement, the United States specifically reserves and does not release:

- (i) Any federal criminal liability;
- (ii) Any criminal, civil, or administrative claim arising under Title 26, United States Code (Internal Revenue Code);
- (iii) Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct; and
- (iv) Any liability based on obligations created by this Agreement.

7. Nothing in this Agreement constitutes an Agreement by the United States Attorney's Office concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

8. This Agreement binds and is intended to benefit only the Parties. This Agreement is not intended to be, and shall not be interpreted to constitute, a release of any person or entity not identified or referred to herein. This Agreement is specifically limited to the Office of the United States Attorney for the District of Maryland and the DEA for the Washington Division and cannot bind other federal, state, or local authorities and jurisdictions.

9. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

10. Each Party and signatory to this Agreement represents that he, she, or it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

11. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Maryland. For purposes of construing this Agreement,

the Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not be construed against any Party for that reason in any subsequent dispute.

12. This Agreement constitutes the complete agreement between the Parties. All material representations, understandings, and promises of the Parties are contained in this Agreement. Each of the Parties expressly agrees and acknowledges that, in entering this Agreement, it is relying on only the statements and promises expressly set forth in this written Agreement. This Agreement cannot be amended, nor any provisions waived, except in writing and when signed by all Parties to this Agreement.

13. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the Parties listed below.

14. This Agreement may be executed in counterparts, including by facsimile, pdf, or other electronic form of signature, each of which constitutes an original and all of which constitute one and the same Agreement.

15. This Agreement inures to the benefit of and is binding on each Party and its respective successors, transferees, heirs, and assigns.

16. The Parties may disclose the existence of and information about this Agreement to the public without restriction.

17. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). The United States agrees to notify CVS immediately when the final signatory has executed this Agreement.

[Signatures begin on next page.]

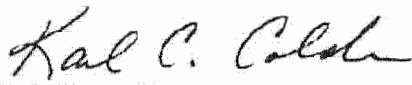


ON BEHALF OF THE UNITED STATES OF AMERICA:



Thomas F. Corcoran  
Assistant U.S. Attorney  
United States Attorney's Office  
District of Maryland

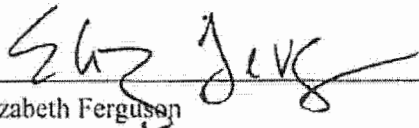
DATE: 2/12/2016



Karl Colder  
Special Agent in Charge  
Drug Enforcement Administration,  
Washington Division

DATE: 2/8/2016

ON BEHALF OF CVS PHARMACY, INC.:



Elizabeth Ferguson  
Senior Vice President, Assistant General Counsel  
CVS Pharmacy, Inc.

DATE: 2/5/2016

Massachusetts:

Moffatt Tr. at 259:15-260:3

CVS-MDLT1-000060872-60906

1 Q. Okay. For opioid products?

2 A. It says 523 forged opioid  
3 prescriptions. But again, you know, other  
4 people were responsible for handling this  
5 matter, and for operations of the stores.

6 Q. Did you serve a role as an officer of  
7 any of the CVS pharmacies, the subject of this  
8 investigation in Massachusetts?

9 MR. DELINSKY: Object to form.

10 A. So the CVS pharmacies in Massachusetts  
11 are operated by CVS Pharmacy, Inc., so I'm vice  
12 president, secretary, assistant general counsel  
13 of CVS Pharmacy, Inc.

14 BY MR. ELSNER:

15 Q. There was also an investigation, I  
16 believe, of CVS stores in Massachusetts  
17 regarding the prescription monitoring program.  
18 Are you aware of that?

19 A. That's not my area. I'm not sure.

20 Q. Did you know that CVS pharmacies in  
21 Massachusetts didn't have access to the internet  
22 so they couldn't operate the prescription  
23 monitoring program?

24 MR. DELINSKY: Object to form.

1           A.     Others in CVS would be responsible for  
2     what access the stores had. I have no knowledge  
3     about that.

4     BY MR. ELSNER:

5           Q.     Were you aware that there was a second  
6     investigation by the DEA into CVS's operations  
7     in Texas concerning filling prescriptions for a  
8     physician that was not properly licensed?  
9     Exhibit 25.

10                   (Whereupon, CVS-Moffatt-25 was marked  
11                   for identification.)

12           A.     It's Paragraph 7 you're talking about?

13     BY MR. ELSNER:

14           Q.     Yes.

15           A.     I see what Paragraph 7 says, yes.

16           Q.     Okay. So the DEA was investigating  
17     CVS pharmacies in Texas for filling  
18     prescriptions for a Dr. Pedro Garcia, and it was  
19     discovered that he didn't have a valid license  
20     to prescribe those substances, correct?

21                   MR. DELINSKY: Object to form.

22           A.     It says that his Texas Department of  
23     Public Safety controlled substances registration  
24     was expired.

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is entered into by and between the United States of America, acting through the United States Department of Justice and its Drug Enforcement Administration (“DEA”) for the New England Field Division, Boston Office of Diversion (collectively, the “United States”), and CVS Pharmacy, Inc. (“CVS”) (hereafter collectively referred to as “the Parties”).

### **Recitals**

- A. CVS is a Rhode Island corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS operates retail pharmacies in the Commonwealth of Massachusetts that dispense prescription drugs, including controlled substances, to retail consumers (hereinafter referred to as “CVS/pharmacy retail stores”).
- B. Each CVS/pharmacy retail store in Massachusetts is separately registered with the DEA and is assigned a unique DEA registration number. Each DEA registrant is required to dispense controlled substances in accordance with the Controlled Substances Act, 21 U.S.C. §§ 801, *et seq.* (the “Act”), and its implementing regulations.
- C. The DEA is the Department of Justice component agency primarily responsible for enforcing the Act and is vested with the responsibility of investigating violations of the Act.
- D. The United States Attorney General, through the United States Attorney’s Office, has primary authority to bring civil actions to enforce the Act. *See* 21 U.S.C. § 871 and 28 C.F.R. § 0.55(c).
- E. The United States contends that it has certain civil claims against CVS arising from CVS having filled the 523 forged opioid prescriptions listed in Attachment A hereto. The filling of these 523 forged prescriptions is referred to below as the “Covered Conduct.”

In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

**Terms of Agreement**

1. No later than 10 days after the date on which this Agreement is signed by all Parties, CVS shall pay the United States \$3,500,000 (the “Settlement Amount”). The Settlement Amount shall be paid by electronic funds transfer pursuant to written instructions from the United States.
2. At the same time the Parties enter into and sign this Agreement, CVS and DEA will enter into the Compliance Agreement that is Attachment B hereto.
3. In consideration of the obligations of CVS in this Agreement, conditioned upon CVS timely paying the Settlement Amount and entering into the Compliance Agreement, and subject to the conditions in Paragraph 4, the United States releases CVS, its assigns, successors, and subsidiaries from any civil or administrative claims the United States has, could have, or may assert in the future related to the Covered Conduct under the Act.
4. This Agreement in no way alters or restricts the United States’ right to enforce the Act and regulations promulgated thereunder by commencing a civil or administrative action against CVS for any violations of the Act which are not based on the Covered Conduct; nor does it restrict the United States or any other sovereign or governmental entity from bringing any criminal charge against CVS. Also, this Agreement does not prevent any sovereign other than the United States from pursuing civil, criminal, and/or administrative claims against CVS for the Covered Conduct and/or any other conduct. However, this Agreement in no way waives CVS’s right to raise any defenses in any such actions.

5. CVS releases the United States and its agencies, officers, agents, employees, and servants from any claims (including for attorney's fees, costs, and expenses of every kind and however denominated) that CVS has asserted, could have asserted, or may assert in the future against the United States or its agencies, officers, agents, employees, or servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. The obligations imposed upon CVS pursuant to this Agreement and the Compliance Agreement are in addition to, and not in derogation of, all requirements imposed upon CVS pursuant to all applicable federal, state, and local laws and regulations, including but not limited to the requirements set forth in Title 21 of the United States Code and the regulations promulgated thereunder.

7. Each Party and signatory to this Agreement represents that it, he, or she freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

8. This Agreement is intended to be for the benefit of the Parties only; it does not create any rights or benefits as to third parties. The Parties do not release any claims against any other person or entity.

9. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Massachusetts. This Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

10. This Agreement and the Compliance Agreement constitute the complete agreement between the Parties. This Agreement and the Compliance Agreement may be amended only by a writing signed by all Parties.

11. The undersigned counsel represents and warrant that they are fully authorized to execute this Agreement on behalf of the Parties.

12. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement.

13. This Agreement inures to the benefit of and is binding on each Party and its respective successors, transferees, heirs, and assigns.

14. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

15. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

16. All parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.


17. The Parties may execute this Agreement via facsimile and/or by portable document format (.pdf), both of which shall be deemed the equivalent of an original signature.



18. This Agreement is effective on the date of signature of the last signatory to the Agreement.

**THE UNITED STATES OF AMERICA**

DATED: 6/30/16

BY:   
GISELLE J. JOFFRE  
DEANA K. EL-MALLAWANY  
Assistant U.S. Attorneys  
United States Attorney's Office  
District of Massachusetts

**U.S. DRUG ENFORCEMENT ADMINISTRATION**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
ELIZABETH FERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

18. This Agreement is effective on the date of signature of the last signatory to the Agreement.

**THE UNITED STATES OF AMERICA**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
GISELLE J. JOFFRE  
DEANA K. EL-MALLAWANY  
Assistant U.S. Attorneys  
United States Attorney's Office  
District of Massachusetts

**U.S. DRUG ENFORCEMENT ADMINISTRATION**

DATED: 06/30/16

BY: 

MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

DATED: 6.30.16

BY: 

CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_  
ELIZABETH FERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

18. This Agreement is effective on the date of signature of the last signatory to the Agreement.

**THE UNITED STATES OF AMERICA**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

GISELLE J. JOFFRE  
DEANA K. EL-MALLAWANY  
Assistant U.S. Attorneys  
United States Attorney's Office  
District of Massachusetts

**U.S. DRUG ENFORCEMENT ADMINISTRATION**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

DATED: \_\_\_\_\_

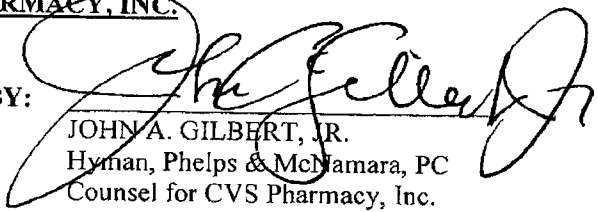
BY: \_\_\_\_\_

CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

DATED: 6/27/16

BY: \_\_\_\_\_

  
JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

ELIZABETH FERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

18. This Agreement is effective on the date of signature of the last signatory to the Agreement.

**THE UNITED STATES OF AMERICA**

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
GISELLE J. JOFFRE  
DEANA K. EL-MALLAWANY  
Assistant U.S. Attorneys  
United States Attorney's Office  
District of Massachusetts

**U.S. DRUG ENFORCEMENT ADMINISTRATION**

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

**DATED:** \_\_\_\_\_


**BY:** \_\_\_\_\_  
CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

**DATED:** 27 June 2016

**BY:**   
ELIZABETH FERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

## Attachment A – Schedule of Forged Prescriptions

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
1	9	1100935	9/29/2013	oxycodone - 15mg	30
2	9	1092919	8/22/2014	hydrocodone - 5/325mg	20
3	109	376318	12/24/2013	oxycodone - 15mg	30
4	109	385413	2/10/2014	oxycodone - 15mg	40
5	109	388238	2/24/2014	oxycodone - 15mg	40
6	109	389709	3/3/2014	diazepam - 5mg	60
7	109	398374	4/8/2014	oxycodone - 10mg	40
8	109	400023	4/15/2014	Butalbital - 50/325/40 mg	40
9	109	400532	4/17/2014	diazepam - 5mg	30
10	109	404966	5/8/2014	diazepam - 5mg	15
11	109	405243	5/10/2014	oxycodone - 15mg	40
12	109	417708	7/5/2014	oxycodone - 15mg	25
13	109	419218	7/12/2014	oxycodone - 15mg	40
14	109	425070	8/8/2014	oxycodone - 15mg	50
15	109	429599	8/31/2014	oxycodone - 15mg	20
16	109	432680	9/14/2014	oxycodone - 15mg	20
17	109	435291	9/25/2014	oxycodone - 15mg	10
18	109	438943	10/11/2014	oxycodone - 15mg	8
19	109	440591	10/20/2014	oxycodone - 15mg	10
20	109	443155	10/29/2014	oxycodone - 15mg	10
21	109	448872	11/24/2014	oxycodone - 15mg	24
22	140	600903	1/11/2014	HYDROCODON- ACETAMINOPH 7.5-500	180
23	148	531239	11/4/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
24	148	537372	1/13/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
25	148	545181	3/30/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
26	148	555585	7/21/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
27	159	899678	4/7/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
28	164	168212	8/31/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
29	164	172000	10/4/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
30	164	180409	12/20/2013	METHADONE HCL 10 MG TABLET	120
31	181	990569	7/27/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
32	217	516213	11/12/2012	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
33	252	844650	4/2/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
34	252	847116	5/2/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
35	252	849412	5/30/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
36	252	851738	6/27/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
37	252	853981	7/25/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
38	252	856599	8/27/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
39	252	860161	10/7/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
40	252	862751	11/5/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
41	252	865044	12/2/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
42	252	867599	12/30/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
43	252	870621	1/30/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
44	252	873533	2/28/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
45	252	877096	4/5/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
46	252	880043	5/5/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
47	252	883461	6/7/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
48	252	885955	7/6/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
49	252	895788	11/1/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
50	252	898020	11/30/2013	HYDROCODON- ACETAMINOPH 7.5-500	180
51	301	921022	3/19/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
52	301	932069	4/30/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
53	301	936500	5/16/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
54	301	940333	5/31/2012	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
55	301	944408	6/15/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
56	301	948604	7/2/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
57	301	951317	7/13/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
58	301	955445	7/30/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
59	301	960383	8/18/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
60	301	964750	9/4/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
61	301	967821	9/14/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
62	301	975325	10/12/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
63	301	977293	10/20/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
64	301	984763	11/17/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
65	301	992330	12/15/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
66	301	1000280	1/12/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
67	301	1009692	2/12/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
68	301	1017587	3/12/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
69	301	1029505	4/22/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
70	301	1037851	5/21/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
71	301	1048356	6/26/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
72	496	536625	5/6/2014	oxycodone - 15mg	40
73	496	563920	8/17/2014	oxycodone - 15mg	20
74	500	666253	8/4/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
75	500	673146	9/20/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
76	503	1037867	8/4/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
77	503	1046728	9/20/2013	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
78	503	1053612	10/25/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
79	503	1058947	11/18/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
80	503	1063450	12/18/2013	HYDROCODON- ACETAMINOPH 7.5-500	180
81	503	1064912	12/27/2013	HYDROCODON- ACETAMINOPH 7.5-500	180
82	503	1065550	12/31/2013	METHADONE HCL 10 MG TABLET	180
83	524	770311	5/9/2013	oxycodone - 15mg	30
84	524	773283	5/30/2013	oxycodone - 15mg	30
85	524	776853	6/26/2013	oxycodone - 15mg	30
86	524	781165	7/30/2013	oxycodone - 15mg	20
87	524	783228	8/15/2013	oxycodone - 15mg	20
88	524	786402	9/9/2013	oxycodone - 15mg	30
89	524	788655	9/20/2013	oxycodone - 15mg	20
90	524	793815	10/22/2013	oxycodone - 15mg	30
91	524	798071	11/18/2013	oxycodone - 15mg	40
92	524	799529	11/26/2013	diazepam - 5mg	30
93	524	799530	11/26/2013	oxycodone - 15mg	40
94	524	800742	12/6/2013	oxycodone - 15mg	40
95	524	801258	12/10/2013	oxycodone - 15mg	30
96	524	802259	12/17/2013	oxycodone - 15mg	40
97	524	803366	12/27/2013	oxycodone - 15mg	40
98	524	803734	12/31/2013	oxycodone - 15mg	30
99	524	803913	1/2/2014	oxycodone - 15mg	60
100	524	804619	1/8/2014	diazepam - 5mg	30
101	524	804618	1/8/2014	oxycodone - 15mg	40
102	524	805125	1/10/2014	oxycodone - 15mg	40
103	524	807001	1/23/2014	oxycodone - 15mg	40
104	524	807003	1/23/2014	Butalbital - 50/325/40 mg	40
105	524	807801	1/28/2014	oxycodone - 15mg	40
106	524	808898	2/3/2014	oxycodone - 15mg	60
107	524	809484	2/5/2014	oxycodone - 15mg	40
108	524	810192	2/10/2014	diazepam - 5mg	30
109	524	810939	2/13/2014	oxycodone - 15mg	60
110	524	811772	2/19/2014	oxycodone - 15mg	40
111	524	814311	3/5/2014	oxycodone - 15mg	40
112	524	814751	3/7/2014	oxycodone - 5mg	40
113	524	815254	3/11/2014	oxycodone - 15mg	40
114	524	815849	3/14/2014	oxycodone - 15mg	40
115	524	817437	3/24/2014	oxycodone - 15mg	40
116	524	817893	3/26/2014	oxycodone - 10mg	40



#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
117	524	818970	4/2/2014	oxycodone - 15mg	50
118	524	819450	4/4/2014	oxycodone - 15mg	40
119	524	820412	4/10/2014	diazepam - 5mg	40
120	524	821847	4/18/2014	oxycodone - 15mg	40
121	524	822482	4/23/2014	oxycodone - 15mg	40
122	524	823165	4/28/2014	oxycodone - 15mg	19
123	524	823503	4/29/2014	oxycodone - 15mg	40
124	524	825879	5/15/2014	oxycodone - 15mg	40
125	524	826805	5/21/2014	oxycodone - 15mg	40
126	524	827506	5/27/2014	oxycodone - 15mg	40
127	524	829526	6/9/2014	oxycodone - 15mg	50
128	524	830010	6/11/2014	oxycodone - 15mg	30
129	524	830011	6/11/2014	diazepam - 5mg	30
130	524	830613	6/16/2014	oxycodone - 15mg	50
131	524	832274	6/27/2014	oxycodone - 15mg	50
132	524	832794	7/1/2014	oxycodone - 15mg	50
133	524	834560	7/15/2014	oxycodone - 15mg	50
134	524	835669	7/23/2014	oxycodone - 15mg	50
135	524	836511	7/29/2014	oxycodone - 15mg	40
136	524	838397	8/11/2014	oxycodone - 15mg	50
137	524	839689	8/21/2014	oxycodone - 15mg	50
138	524	840125	8/25/2014	oxycodone - 15mg	50
139	524	841652	9/4/2014	oxycodone - 15mg	50
140	524	842297	9/8/2014	oxycodone - 15mg	50
141	524	844456	9/19/2014	oxycodone - 15mg	50
142	524	844842	9/22/2014	oxycodone - 15mg	40
143	524	847187	10/3/2014	oxycodone - 15mg	15
144	524	847478	10/6/2014	oxycodone - 15mg	40
145	524	848025	10/8/2014	oxycodone - 15mg	40
146	524	848690	10/13/2014	oxycodone - 15mg	40
147	524	849332	10/16/2014	oxycodone - 15mg	40
148	524	849991	10/20/2014	oxycodone - 15mg	40
149	524	850846	10/24/2014	oxycodone - 15mg	40
150	524	851159	10/27/2014	oxycodone - 15mg	40
151	524	852192	10/31/2014	oxycodone - 15mg	40
152	524	852443	11/3/2014	oxycodone - 15mg	40
153	524	853905	11/11/2014	oxycodone - 15mg	40
154	524	855202	11/18/2014	oxycodone - 15mg	35
155	524	855989	11/21/2014	oxycodone - 15mg	30
156	524	856676	11/26/2014	oxycodone - 15mg	50
157	524	856932	11/29/2014	oxycodone - 15mg	40
158	524	857237	12/2/2014	oxycodone - 15mg	40
159	593	654886	8/10/2013	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
160	593	701215	12/27/2013	HYDROCODON- ACETAMINOPH 7.5-500	180
161	619	288909	5/30/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
162	619	295892	7/12/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
163	619	301057	8/17/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
164	619	302128	8/23/2013	METHADONE HCL 10 MG TABLET	180
165	619	305064	9/13/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
166	619	307123	9/26/2013	METHADONE HCL 10 MG TABLET	180
167	619	311890	10/25/2013	METHADONE HCL 10 MG TABLET	180
168	619	311940	10/26/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
169	619	315249	11/17/2013	METHADONE HCL 10 MG TABLET	240
170	665	816939	5/4/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
171	665	820775	6/2/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
172	665	824550	6/30/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
173	665	828111	7/27/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
174	665	833964	9/10/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
175	665	838265	10/10/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
176	665	842516	11/9/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
177	665	846254	12/7/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
178	665	851263	1/11/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
179	665	855968	2/11/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
180	665	860933	3/16/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
181	665	868203	5/4/2013	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
182	665	874445	6/16/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
183	719	996896	12/21/2012	Hydrocodone & Comb. (2808080020)	42
184	719	998037	1/2/2013	Hydrocodone & Comb. (2808080020)	42
185	719	999325	1/11/2013	Hydrocodone & Comb. (2808080020)	42
186	719	999325	1/11/2013	Hydrocodone & Comb. (2808080020)	42
187	719	1003491	2/14/2013	Hydrocodone & Comb. (2808080020)	42
188	719	1003491	2/14/2013	Hydrocodone & Comb. (2808080020)	42
189	719	1006863	3/17/2013	Hydrocodone & Comb. (2808080020)	42
190	719	1007655	3/24/2013	Hydrocodone & Comb. (2808080020)	42
191	719	1007655	3/24/2013	Hydrocodone & Comb. (2808080020)	42
192	719	1013624	5/9/2013	Hydrocodone & Comb. (2808080020)	42
193	719	1013624	5/9/2013	Hydrocodone & Comb. (2808080020)	42
194	719	1033823	9/1/2013	Hydrocodone & Comb. (2808080020)	42
195	719	1042008	10/31/2013	Hydrocodone & Comb. (2808080020)	48
196	719	1045906	12/4/2013	Hydrocodone & Comb. (2808080020)	48
197	735	536678	1/4/2013	Hydrocodone & Comb. (2808080020)	42
198	735	541356	1/25/2013	Hydrocodone & Comb. (2808080020)	42
199	735	540197	1/25/2013	Hydrocodone & Comb. (2808080020)	42
200	735	546354	3/8/2013	Hydrocodone & Comb. (2808080020)	42
201	735	546354	3/8/2013	Hydrocodone & Comb. (2808080020)	42
202	735	549689	4/1/2013	Hydrocodone & Comb. (2808080020)	42
203	735	549689	4/1/2013	Hydrocodone & Comb. (2808080020)	42

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
204	735	553579	4/26/2013	Hydrocodone & Comb. (2808080020)	48
205	735	553579	4/26/2013	Hydrocodone & Comb. (2808080020)	48
206	735	557273	5/20/2013	Hydrocodone & Comb. (2808080020)	48
207	735	557273	5/20/2013	Hydrocodone & Comb. (2808080020)	48
208	735	559672	6/4/2013	Hydrocodone & Comb. (2808080020)	48
209	735	559672	6/4/2013	Hydrocodone & Comb. (2808080020)	48
210	735	574583	9/4/2013	Hydrocodone & Comb. (2808080020)	48
211	735	579475	10/5/2013	Hydrocodone & Comb. (2808080020)	48
212	735	582152	10/23/2013	Hydrocodone & Comb. (2808080020)	48
213	860	839327	2/22/2013	Hydrocodone & Comb. (2808080020)	42
214	860	839327	2/22/2013	Hydrocodone & Comb. (2808080020)	42
215	860	841918	3/19/2013	Hydrocodone & Comb. (2808080020)	42
216	860	842645	3/26/2013	Hydrocodone & Comb. (2808080020)	42
217	860	844920	4/16/2013	Hydrocodone & Comb. (2808080020)	42
218	860	844920	4/16/2013	Hydrocodone & Comb. (2808080020)	42
219	860	845800	4/24/2013	Diazepam	6
220	860	846948	5/3/2013	Hydrocodone & Comb. (2808080020)	48
221	860	846948	5/3/2013	Hydrocodone & Comb. (2808080020)	48
222	860	856224	7/8/2013	Hydrocodone & Comb. (2808080020)	42
223	860	857867	7/17/2013	Hydrocodone & Comb. (2808080020)	42
224	860	865199	9/6/2013	Hydrocodone & Comb. (2808080020)	48
225	1004	1203639	11/17/2013	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
226	1004	1205155	11/24/2013	HYDROCODON- ACETAMINOPH 7.5-500	120
227	1004	1208261	12/9/2013	HYDROCODON- ACETAMINOPH 7.5-500	180
228	1011	699844	4/7/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
229	1011	707654	5/10/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
230	1011	714037	6/8/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
231	1011	720310	7/6/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
232	1011	726223	8/1/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
233	1011	732671	8/30/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
234	1011	740136	10/2/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
235	1011	747176	11/1/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
236	1011	752723	11/26/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
237	1011	758820	12/19/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
238	1011	767042	1/19/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
239	1011	779453	3/8/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
240	1011	789948	4/17/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
241	1011	796952	5/15/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
242	1011	807082	6/21/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
243	1012	1157389	4/16/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
244	1012	1161254	4/27/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
245	1012	1169551	5/24/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
246	1012	1173524	6/6/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
247	1012	1178579	6/22/2012	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
248	1012	1183245	7/9/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
249	1012	1186544	7/19/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
250	1012	1192711	8/8/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
251	1012	1203911	9/14/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
252	1012	1206429	9/23/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
253	1012	1215412	10/21/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
254	1012	1224162	11/16/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
255	1012	1229615	12/5/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
256	1012	1232007	12/12/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
257	1012	1242140	1/12/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
258	1012	1255058	2/15/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
259	1012	1269640	3/29/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
260	1012	1289828	5/24/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
261	1012	1292488	5/31/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
262	1021	754496	12/21/2012	Hydrocodone & Comb. (2808080020)	42
263	1021	863373	12/26/2012	HYDROCODON- ACETAMINOPH 7.5-750	42
264	1021	756295	12/31/2012	Hydrocodone & Comb. (2808080020)	42
265	1021	760635	1/18/2013	Hydrocodone & Comb. (2808080020)	42
266	1021	760635	1/18/2013	Hydrocodone & Comb. (2808080020)	42
267	1021	764599	2/5/2013	Hydrocodone & Comb. (2808080020)	42
268	1021	764599	2/5/2013	Hydrocodone & Comb. (2808080020)	42
269	1021	767740	2/20/2013	Hydrocodone & Comb. (2808080020)	42



#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
270	1021	767740	2/20/2013	Hydrocodone & Comb. (2808080020)	42
271	1021	768218	2/22/2013	Hydrocodone & Comb. (2808080020)	42
272	1021	768218	2/22/2013	Hydrocodone & Comb. (2808080020)	42
273	1021	771065	3/8/2013	Hydrocodone & Comb. (2808080020)	42
274	1021	772757	3/15/2013	Hydrocodone & Comb. (2808080020)	42
275	1021	773969	3/15/2013	Hydrocodone & Comb. (2808080020)	42
276	1021	773969	3/15/2013	Hydrocodone & Comb. (2808080020)	42
277	1021	776212	4/1/2013	Hydrocodone & Comb. (2808080020)	42
278	1021	776212	4/1/2013	Hydrocodone & Comb. (2808080020)	42
279	1021	779075	4/12/2013	Hydrocodone & Comb. (2808080020)	48
280	1021	779075	4/12/2013	Hydrocodone & Comb. (2808080020)	48
281	1021	780578	4/19/2013	Hydrocodone & Comb. (2808080020)	48
282	1021	780578	4/19/2013	Hydrocodone & Comb. (2808080020)	48
283	1021	783614	5/2/2013	Hydrocodone & Comb. (2808080020)	48
284	1021	783614	5/2/2013	Hydrocodone & Comb. (2808080020)	48
285	1021	786317	5/14/2013	Hydrocodone & Comb. (2808080020)	48
286	1021	786317	5/14/2013	Hydrocodone & Comb. (2808080020)	48
287	1021	790470	5/29/2013	Hydrocodone & Comb. (2808080020)	48
288	1021	790470	5/29/2013	Hydrocodone & Comb. (2808080020)	48
289	1021	795836	6/18/2013	Hydrocodone & Comb. (2808080020)	48
290	1021	798413	6/27/2013	Hydrocodone & Comb. (2808080020)	48
291	1021	802392	7/10/2013	Hydrocodone & Comb. (2808080020)	42

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
292	1021	803181	7/12/2013	Hydrocodone & Comb. (2808080020)	42
293	1021	815468	8/23/2013	Hydrocodone & Comb. (2808080020)	42
294	1021	819943	9/11/2013	Hydrocodone & Comb. (2808080020)	48
295	1021	820694	9/15/2013	Hydrocodone & Comb. (2808080020)	48
296	1021	821592	9/18/2013	Hydrocodone & Comb. (2808080020)	48
297	1021	824708	10/1/2013	Hydrocodone & Comb. (2808080020)	48
298	1021	827279	10/14/2013	Hydrocodone & Comb. (2808080020)	48
299	1021	828153	10/17/2013	Hydrocodone & Comb. (2808080020)	48
300	1021	828704	10/20/2013	Hydrocodone & Comb. (2808080020)	48
301	1021	833184	11/8/2013	Hydrocodone & Comb. (2808080020)	48
302	1021	837575	11/29/2013	Hydrocodone & Comb. (2808080020)	48
303	1021	837788	12/1/2013	Hydrocodone & Comb. (2808080020)	48
304	1022	831710	9/11/2011	HYDROCODON- ACETAMINOPH 7.5-751	120
305	1022	843517	11/16/2011	METHADONE HCL 10 MG TABL	180
306	1022	851897	1/3/2012	METHADONE HCL 10 MG TABL	180
307	1022	859341	2/10/2012	METHADONE HCL 10 MG TABL	180
308	1022	868235	3/30/2012	METHADONE HCL 10 MG TABL	180
309	1022	871071	4/16/2012	METHADONE HCL 10 MG TABLET	240
310	1022	878895	5/30/2012	METHADONE HCL 10 MG TABLET	240
311	1022	885646	7/6/2012	METHADONE HCL 10 MG TABLET	240
312	1022	891880	8/10/2012	METHADONE HCL 10 MG TABLET	240
313	1022	898419	9/18/2012	METHADONE HCL 10 MG TABLET	240
314	1022	905956	10/26/2012	METHADONE HCL 10 MG TABLET	240
315	1022	912749	12/3/2012	METHADONE HCL 10 MG TABLET	240



#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
316	1022	921578	1/16/2013	METHADONE HCL 10 MG TABLET	240
317	1022	928938	2/20/2013	METHADONE HCL 10 MG TABLET	240
318	1022	935665	3/22/2013	METHADONE HCL 10 MG TABLET	240
319	1022	942195	4/23/2013	METHADONE HCL 10 MG TABLET	240
320	1022	949108	5/24/2013	METHADONE HCL 10 MG TABLET	240
321	1022	955351	6/22/2013	METHADONE HCL 10 MG TABLET	240
322	1025	914868	4/27/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
323	1143	296078	5/19/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
324	1143	312991	7/21/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
325	1143	330862	10/19/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
326	1143	337453	11/25/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
327	1143	351450	1/27/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
328	1143	361960	3/17/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
329	1143	373947	5/11/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
330	1175	1064842	8/25/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
331	1175	1071991	10/4/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
332	1181	683892	4/17/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
333	1181	694899	5/23/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
334	1181	705076	6/19/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
335	1181	712198	7/17/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
336	1181	720496	8/24/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
337	1181	726939	9/25/2012	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
338	1181	733690	10/26/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
339	1181	739131	11/21/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
340	1181	751174	1/16/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
341	1181	758473	2/15/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
342	1181	763267	3/10/2013	METHADONE HCL 10 MG TABLET	180
343	1181	766510	3/23/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
344	1181	774195	4/24/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
345	1181	781566	5/25/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
346	1181	791910	7/9/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
347	1217	522272	3/5/2011	Oxycodone 10 mg	42
348	1217	529627	4/10/2011	Oxycodone 15 mg	60
349	1217	532362	4/24/2011	Oxycodone 15 mg	72
350	1217	535817	5/9/2011	Oxycodone 15 mg	60
351	1239	1182389	8/3/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
352	1239	1199687	9/28/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
353	1239	1213810	11/9/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
354	1239	1222841	12/9/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
355	1239	1233410	1/8/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
356	1239	1247154	2/14/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
357	1239	1279974	5/18/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
358	1239	1295097	6/29/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
359	1239	1302977	7/22/2013	METHADONE HCL 10 MG TABLET	180
360	1250	1058626	10/12/2013	Hydrocodone & Comb. (2808080020)	48
361	1252	182015	1/6/2011	Oxycodone 10 mg	30
362	1252	182497	1/10/2011	Oxycodone 10 mg	50

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
363	1252	183713	1/20/2011	Oxycodone 10 mg	45
364	1252	184423	1/25/2011	Oxycodone 10 mg	50
365	1252	185005	1/31/2011	Oxycodone 10 mg	45
366	1252	185726	2/4/2011	Oxycodone 10 mg	48
367	1252	186127	2/8/2011	Oxycodone 10 mg	42
368	1252	186618	2/11/2011	Oxycodone 10 mg	36
369	1252	187386	2/17/2011	Oxycodone 10 mg	36
370	1252	187738	2/22/2011	Oxycodone 10 mg	48
371	1252	188186	2/24/2011	Oxycodone 10 mg	50
372	1252	188577	2/27/2011	Oxycodone 10 mg	48
373	1252	189039	3/2/2011	Oxycodone 10 mg	48
374	1252	189761	3/7/2011	Oxycodone 20 mg	30
375	1252	190373	3/11/2011	Oxycodone 20 mg	50
376	1252	191351	3/18/2011	Oxycodone 15 mg	64
377	1252	191969	3/23/2011	Oxycodone 15 mg	56
378	1252	192498	3/27/2011	Oxycodone 15 mg	48
379	1252	192896	3/30/2011	Oxycodone 15 mg	40
380	1252	193342	4/2/2011	Oxycodone 15 mg	48
381	1252	193584	4/5/2011	Oxycodone 15 mg	72
382	1252	194947	4/14/2011	Oxycodone 15 mg	72
383	1252	195435	4/19/2011	Oxycodone 15 mg	72
384	1252	196573	4/27/2011	Oxycodone 20 mg	110
385	1252	197497	5/5/2011	Oxycodone 15 mg	70
386	1252	198596	5/13/2011	Oxycodone 15 mg	72
387	1252	199169	5/17/2011	Oxycodone 15 mg	72
388	1252	199716	5/21/2011	Oxycodone 15 mg	60
389	1252	200030	5/24/2011	Oxycodone 15 mg	108
390	1252	200846	5/29/2011	Oxycodone 20 mg	90
391	1252	201570	6/4/2011	Oxycodone 15 mg	72
392	1252	202079	6/8/2011	Oxycodone 15 mg	110
393	1252	202997	6/14/2011	Oxycodone 10 mg	72
394	1252	203626	6/17/2011	Oxycodone 15 mg	72
395	1252	203891	6/21/2011	Oxycodone 15 mg	60
396	1252	204455	6/24/2011	Oxycodone 15 mg	60
397	1252	204701	6/27/2011	Oxycodone 15 mg	60
398	1252	205366	6/30/2011	Oxycodone 15 mg	60
399	1252	205629	7/3/2011	Oxycodone 15 mg	48
400	1252	205760	7/5/2011	Oxycodone 15 mg	31
401	1252	206093	7/7/2011	Oxycodone 30 mg	48
402	1252	207030	7/14/2011	Oxycodone 20 mg	60
403	1252	207481	7/18/2011	Oxycodone 10 mg	60
404	1252	207811	7/20/2011	Oxycodone 20 mg	90
405	1252	208471	7/25/2011	Oxycodone 10 mg	90
406	1252	208927	7/28/2011	Oxycodone 10 mg	90

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
407	1252	209318	7/31/2011	Oxycodone 10 mg	180
408	1252	209923	8/4/2011	Oxycodone 15 mg	90
409	1252	210468	8/9/2011	Oxycodone 30 mg	90
410	1265	652855	5/16/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
411	1265	656183	5/29/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
412	1265	662071	6/20/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
413	1265	665184	7/3/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
414	1265	669047	7/20/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
415	1265	675121	8/17/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
416	1265	678358	9/1/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
417	1265	684443	9/27/2013	HYDROCODON- ACETAMINOPH 7.5-750	150
418	1265	688009	10/12/2013	HYDROCODON- ACETAMINOPH 7.5-750	180
419	1265	689270	10/17/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
420	1265	702833	12/14/2013	HYDROCODON- ACETAMINOPH 7.5-500	180
421	1265	739134	5/13/2014	oxycodone - 10mg	20
422	1265	744084	5/30/2014	oxycodone - 15mg	20
423	1265	745853	6/5/2014	oxycodone - 15mg	30
424	1857	287560	7/25/2013	Hydrocodone & Comb. (2808080020)	42
425	1857	296215	9/21/2013	Hydrocodone & Comb. (2808080020)	48
426	1857	298335	10/6/2013	Hydrocodone & Comb. (2808080020)	48
427	1859	772237	12/26/2012	Hydrocodone & Comb. (2808080020)	42
428	1859	776310	1/16/2013	Hydrocodone & Comb. (2808080020)	42
429	1859	776310	1/16/2013	Hydrocodone & Comb. (2808080020)	42
430	1859	779966	2/5/2013	Hydrocodone & Comb. (2808080020)	42
431	1859	779966	2/5/2013	Hydrocodone & Comb. (2808080020)	42

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
432	1859	785480	3/8/2013	Hydrocodone & Comb. (2808080020)	42
433	1859	785480	3/8/2013	Hydrocodone & Comb. (2808080020)	42
434	1859	789679	4/1/2013	Hydrocodone & Comb. (2808080020)	42
435	1859	789679	4/1/2013	Hydrocodone & Comb. (2808080020)	42
436	1859	794408	4/26/2013	Hydrocodone & Comb. (2808080020)	48
437	1859	794408	4/26/2013	Hydrocodone & Comb. (2808080020)	48
438	1859	797617	5/14/2013	Hydrocodone & Comb. (2808080020)	48
439	1859	799942	5/24/2013	Hydrocodone & Comb. (2808080020)	48
440	1859	811111	7/15/2013	Hydrocodone & Comb. (2808080020)	42
441	1859	831688	10/25/2013	Hydrocodone & Comb. (2808080020)	48
442	1899	1137771	12/6/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
443	1899	1145999	1/6/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
444	1899	1156375	2/6/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
445	1899	1165097	3/6/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
446	1899	1171383	3/26/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
447	1899	1176522	4/11/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
448	1899	1180537	4/24/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
449	2055	975820	9/9/2011	HYDROCODON-ACETAMINOPH	120
450	2055	985085	10/21/2011	HYDROCODON-ACETAMINOPH	120
451	2055	994793	12/5/2011	HYDROCODON-ACETAMINOPH	120
452	2055	1037496	6/10/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
453	2055	1046937	7/22/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
454	2055	1062657	9/29/2012	HYDROCODON- ACETAMINOPH 7.5-750	120

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
455	2055	1082420	12/21/2012	HYDROCODON-ACETAMINOPH 7.5-750	120
456	2055	1093173	2/2/2013	HYDROCODON-ACETAMINOPH 7.5-750	120
457	2282	251119	10/13/2011	Oxycodone 15 mg	80
458	2282	252076	10/20/2011	Oxycodone 15 mg	80
459	2283	907055	9/24/2011	Oxycodone 15 mg	30
460	2283	909876	10/6/2011	Oxycodone 15 mg	60
461	2322	863373	12/26/2012	Hydrocodone & Comb. (2808080020)	42
462	2322	866928	1/4/2013	Hydrocodone & Comb. (2808080020)	42
463	2322	874857	1/25/2013	Hydrocodone & Comb. (2808080020)	42
464	2322	874857	1/25/2013	Hydrocodone & Comb. (2808080020)	42
465	2322	885465	2/22/2013	Hydrocodone & Comb. (2808080020)	42
466	2322	885465	2/22/2013	Hydrocodone & Comb. (2808080020)	42
467	2322	894535	3/19/2013	Hydrocodone & Comb. (2808080020)	42
468	2322	896814	3/25/2013	Hydrocodone & Comb. (2808080020)	42
469	2322	906484	4/19/2013	Hydrocodone & Comb. (2808080020)	42
470	2322	906484	4/19/2013	Hydrocodone & Comb. (2808080020)	42
471	2322	917790	5/20/2013	Hydrocodone & Comb. (2808080020)	48
472	2322	917790	5/20/2013	Hydrocodone & Comb. (2808080020)	48
473	2322	922531	5/29/2013	Hydrocodone & Comb. (2808080020)	48
474	2322	922531	5/29/2013	Hydrocodone & Comb. (2808080020)	48
475	2322	939412	7/13/2013	Hydrocodone & Comb. (2808080020)	42
476	2322	942474	7/21/2013	Hydrocodone & Comb. (2808080020)	42
477	2322	950108	8/9/2013	Hydrocodone & Comb. (2808080020)	48
478	2322	953150	8/18/2013	Hydrocodone & Comb. (2808080020)	48



#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
479	2322	960816	9/8/2013	Hydrocodone & Comb. (2808080020)	48
480	2322	965892	9/22/2013	Hydrocodone & Comb. (2808080020)	48
481	2322	967692	9/26/2013	Hydrocodone & Comb. (2808080020)	48
482	2322	968458	9/29/2013	Hydrocodone & Comb. (2808080020)	48
483	2322	970361	10/3/2013	Hydrocodone & Comb. (2808080020)	48
484	2322	972837	10/10/2013	Hydrocodone & Comb. (2808080020)	48
485	2322	973688	10/14/2013	Hydrocodone & Comb. (2808080020)	48
486	2322	976512	10/21/2013	Hydrocodone & Comb. (2808080020)	48
487	2322	979457	10/29/2013	Hydrocodone & Comb. (2808080020)	48
488	2322	983766	11/11/2013	Hydrocodone & Comb. (2808080020)	48
489	2420	973818	8/31/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
490	2420	1003321	1/5/2014	HYDROCODON- ACETAMINOPH 7.5-500	180
491	2500	359993	4/25/2014	oxycodone - 15mg	11
492	2592	1000222	10/17/2014	oxycodone - 15mg	50
493	2592	1009824	11/20/2014	oxycodone - 15mg	50
494	2959	190835	5/9/2012	HYDROCODON- ACETAMINOPH 7.5-750	120
495	2959	191135	5/12/2012	METHADONE HCL 10 MG TABLET	180
496	2959	195016	6/22/2012	METHADONE HCL 10 MG TABLET	180
497	2959	198257	7/27/2012	METHADONE HCL 10 MG TABLET	180
498	2959	201948	9/5/2012	METHADONE HCL 10 MG TABLET	180
499	2959	205796	10/12/2012	METHADONE HCL 10 MG TABLET	180
500	2959	210005	11/23/2012	METHADONE HCL 10 MG TABLET	180
501	2959	214152	1/3/2013	METHADONE HCL 10 MG TABLET	180

#	Pharmacy #	RX Number	Date Written	Drug Name	Quantity
502	2959	218380	2/8/2013	METHADONE HCL 10 MG TABLET	180
503	2959	225457	4/12/2013	METHADONE HCL 10 MG TABLET	180
504	2959	228861	5/14/2013	METHADONE HCL 10 MG TABLET	180
505	2959	232201	6/12/2013	METHADONE HCL 5 MG TABLET	240
506	2971	631814	11/13/2014	oxycodone - 15mg	40
507	2971	633219	11/26/2014	oxycodone - 15mg	40
508	3307	422762	9/29/2011	Oxycodone 15 mg	60
509	3307	423900	10/10/2011	Oxycodone 15 mg	50
510	6596	227075	11/8/2013	HYDROCODON- ACETAMINOPH 7.5-750	120
511	7530	239624	6/2/2014	oxycodone - 15mg	50
512	7530	240672	6/13/2014	oxycodone - 15mg	40
513	7530	242812	7/7/2014	oxycodone - 15mg	50
514	7530	243312	7/11/2014	oxycodone - 15mg	40
515	7530	244815	7/28/2014	oxycodone - 15mg	30
516	7530	247730	9/2/2014	oxycodone - 15mg	20
517	7530	248928	9/12/2014	oxycodone - 15mg	40
518	7530	249168	9/16/2014	oxycodone - 15mg	20
519	7530	249914	9/22/2014	oxycodone - 15mg	40
520	7530	252392	10/15/2014	oxycodone - 15mg	20
521	7530	253106	10/22/2014	oxycodone - 15mg	10
522	8906	201251	5/3/2014	oxycodone - 15mg	40
523	8906	217203	9/27/2014	oxycodone - 15mg	20



**Attachment B – Compliance Agreement**

This Compliance Agreement is entered into between CVS Pharmacy, Inc. (“CVS”) and the United States Drug Enforcement Administration (“DEA”) (jointly, the “Parties”).

Whereas, the Parties agree that CVS has an obligation to comply with the Controlled Substances Act (the “CSA”),

Whereas, in November 2015 and May 2016, CVS provided DEA with updates on its compliance program, including initiatives to prevent, detect and address drug diversion, and

Whereas CVS agrees to work collaboratively with DEA to continue to maintain and enhance its existing compliance program,

The Parties agree as follows:

1. This Compliance Agreement is incorporated by reference at Paragraph 2 of the Settlement Agreement between CVS and the United States dated June 30, 2016 (the “Settlement Agreement”).
2. The period of this Compliance Agreement shall be three years, starting on the effective date of the Settlement Agreement.
3. CVS agrees to appoint a CVS employee to serve as a contact person (“Compliance Representative”) for the Boston Field Office of the DEA during the three-year period covered by the Compliance Agreement. CVS agrees that the Compliance Representative will serve as a point-of-contact for DEA inquiries and concerns concerning drug diversion.
4. CVS agrees that the Compliance Representative will meet with the Boston Field Office of the DEA on an annual basis to provide updates concerning CVS’s compliance initiatives to prevent, detect and address drug diversion, including measures to detect forged prescriptions, training provided to CVS employees on the pharmacist’s corresponding

responsibility to ensure that prescriptions are valid and written for a legitimate medical purpose, CVS's verification procedures for prescriptions, CVS's accounting and recordkeeping procedures, CVS's policies regarding notifying law enforcement about suspected drug diversion and CVS's practice of notifying pharmacists of suspected drug diversion.

5. CVS agrees that the Compliance Representative will notify the Boston Field Office of the DEA when any prescription presented at a pharmacy in Massachusetts is identified by CVS as a probable forgery, including those identified as probable forgeries based on CVS's analysis of practitioners' prescribing trends.

6. CVS agrees that it will continue to maintain and enhance its compliance program, including, but not limited to, the following:

- a. Conducting multiple pharmacy staff trainings each year on issues of compliance with the CSA, specifically including:
  - i. the pharmacist's corresponding responsibility for proper dispensing of controlled substances; and
  - ii. preventing, detecting, and reporting possible diversion, including in instances where prescriptions appear to have been forged or are otherwise fraudulent.
- b. Conducting a store monitoring and intervention program to identify opportunities for improvement and to ensure that stores maintain appropriate procedures to detect and prevent diversion and other improper dispensing.
- c. Providing all CVS pharmacists access to state Prescription Monitoring Program ("PMP") systems and requiring CVS pharmacists to review PMP data when in

their professional judgment such information would assist in the exercise of their corresponding responsibility.

- d. Enhancing loss prevention functions to improve monitoring of stores related to security, diversion, and recordkeeping.
- e. Holding pharmacy staff accountable for compliance with the CSA, including by considering compliance metrics in evaluating employee performance and by imposing meaningful employee discipline for all matters relating to CSA compliance.

7. CVS will comply at all times with the CSA and the regulations issued thereunder. To the extent that any requirements in the CSA or regulations are greater than those imposed by this Compliance Agreement, the stricter requirements will apply.

8. Each Party and signatory to this Compliance Agreement represents that it, he, or she freely and voluntarily enters into this Compliance Agreement without any degree of duress or compulsion.

9. This Compliance Agreement is intended to be for the benefit of the Parties only; it does not create any rights or benefits as to third parties. The Parties do not release any claims against any other person or entity.

10. This Compliance Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Massachusetts. This Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

11. This Compliance Agreement and the Settlement Agreement constitute the complete agreement between the Parties. This Compliance Agreement and the Settlement Agreement may be amended only by a writing signed by all Parties.

12. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the Parties.

13. This Compliance Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement.

14. This Compliance Agreement inures to the benefit of and is binding on each Party and its respective successors, transferees, heirs, and assigns.

**U.S. DRUG ENFORCEMENT ADMINISTRATION**

DATED: 06/30/16

BY: 

MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

ELIZABETH FERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

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**U.S. DRUG ENFORCEMENT ADMINISTRATION**

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

**DATED:** 6-29-16

**BY:** Claire Brennan  
CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
ELIZABETH FERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

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**U.S. DRUG ENFORCEMENT ADMINISTRATION**

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

DATED: 6/27/16

BY: \_\_\_\_\_

JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

ELIZABETH FERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

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**U.S. DRUG ENFORCEMENT ADMINISTRATION**

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
MICHAEL J. FERGUSON  
Special Agent In Charge  
U.S. Drug Enforcement Administration  
New England Field Division

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
CLAIRE BRENNAN  
Diversion Program Manager  
U.S. Drug Enforcement Administration  
New England Field Division

**CVS PHARMACY, INC.**

**DATED:** \_\_\_\_\_

**BY:** \_\_\_\_\_  
JOHN A. GILBERT, JR.  
Hyman, Phelps & McNamara, PC  
Counsel for CVS Pharmacy, Inc.

**DATED:** 27 June 2016

**BY:** [Signature]  
ELIZABETH PFERGUSON  
Senior Vice President & Assistant General  
Counsel  
CVS Pharmacy, Inc.

New York:

Moffatt Tr. at 241:22-248:8

CVS-MDLT1-000060839-60846



1 investigation, CVS agreed to pay a settlement in  
2 the amount of \$345,000 in Paragraph 13 on  
3 Page 4, is that right?

4 MR. DELINSKY: Object to form.

5 A. Paragraph 13 on Page 4 refers to a sum  
6 of \$345,000.

7 BY MR. ELSNER:

8 Q. Were you made aware of that as the  
9 president of CVS Texas entity?

10 MR. DELINSKY: Object to form.

11 BY MR. ELSNER:

12 Q. I'm sorry, as the president of CVS  
13 Pharmacy?

14 MR. DELINSKY: Object to form.

15 BY MR. ELSNER:

16 Q. Were you made aware of the amount of  
17 the settlement?

18 A. I was vice president and secretary of  
19 CVS Pharmacy. I -- others would be responsible  
20 for this settlement. To the extent I learned  
21 about it, it would have been as an attorney.

22 Q. If I could show you the next exhibit.

23 There was also an investigation of CVS  
24 in Nassau and Suffolk County, New York on Long

1 Island between 2013 and 2015 concerning thefts  
2 of controlled substances and reporting  
3 violations. Were you aware of that?

4 A. Yes, I was aware of that.

5 Q. This is Exhibit 22.

6 (Whereupon, CVS-Moffatt-22 was marked  
7 for identification.)

8 BY MR. ELSNER:

9 Q. This is Motley Rice 242.

10 Can you tell me what it is you  
11 remember about this?

12 A. I remember we settled it fairly  
13 recently, although the conduct, as you said, was  
14 from several years back, and I recall, I think,  
15 I signed -- yeah, I signed this one.

16 Q. You executed this on behalf of what  
17 entity?

18 A. CVS Pharmacy, Inc.

19 Q. And that was the company controlling  
20 the CVS Pharmacy, the subject of this  
21 investigation pharmacies, is that right?

22 A. Actually, no. So it appears from  
23 here, it says A, settlement, "CVS Pharmacy, Inc.  
24 is a Rhode Island corporation with its corporate

1     headquarters in Woonsocket, Rhode Island. CVS  
2     directly or indirectly operates CVS retail  
3     pharmacies in Nassau and Suffolk Counties."

4                 So the entity that actually operates  
5     stores in New York is called CVS Albany, LLC.  
6     CVS Pharmacy, Inc. is its parent.

7             Q.     Are you an officer of CVS Albany?

8             A.     Yes.

9             Q.     President?

10            A.     I am president of CVS Albany.

11            Q.     And was that true for the time period  
12     concerning this investigation, which is between  
13     February of 2013 and January of 2015?

14            A.     Yes.

15            Q.     And the investigation here concerned  
16     the failure to promptly report a theft of a  
17     controlled substance from these stores, is that  
18     right?

19                 MR. DELINSKY: Object to form.

20            A.     Another attorney would have been  
21     involved in the whole matter. So, you know, I  
22     was brought in at the end, as I discussed  
23     earlier, you know, so, you know, I was consulted  
24     at the end when it needed to be signed. But I

1     didn't have -- I wasn't directly involved in  
2     this, so I don't recall the particulars. Well,  
3     I didn't know the particulars.

4     BY MR. ELSNER:

5             Q.     Well, CVS agreed to pay in settlement  
6     of this matter \$1.5 million, is that right,  
7     Page 2?

8             A.     Yeah, Page 2, Paragraph 1.

9             Q.     Is that correct?

10            A.     That is correct.

11            Q.     Okay. And you signed this settlement  
12     agreement?

13            A.     Yes.

14            Q.     Other than the settlement agreement  
15     itself, did you review any documents before you  
16     executed this agreement?

17            A.     Another attorney would have been  
18     responsible for the entire matter. I don't  
19     recall if I reviewed any documents. I had a  
20     discussion certainly with the attorney when I  
21     was asked to sign it.

22            Q.     Who was the attorney?

23            A.     I believe it was Mark Vernazza.

24            Q.     And he's employed by CVS, is that

1 right?

2 A. Yes, CVS Pharmacy.

3 Q. CVS Pharmacy, Inc.

4 Did Mark show you any documents before  
5 you executed the agreement?

6 MR. DELINSKY: Objection. Asked and  
7 answered.

8 A. I don't recall if he showed me  
9 anything.

10 BY MR. ELSNER:

11 Q. Did Mark share with you what the DEA  
12 had found concerning the thefts and the  
13 reporting from these CVS Pharmacy stores?

14 MR. DELINSKY: Object to form. And I  
15 instruct the witness not to answer on the  
16 grounds that that would involve attorney/client  
17 privileged information.

18 MR. ELSNER: So what I've asked him is  
19 I've asked him whether he, Mark Vernazza, shared  
20 with the witness what the DEA had found  
21 concerning thefts in the reporting violations,  
22 and you're asserting privilege over the DEA's  
23 findings and facts, is that my understanding?

24 MR. DELINSKY: I'm asserting privilege

1 as a result of the following circumstances.  
2 Mr. Moffatt has testified that he doesn't recall  
3 reviewing any documents in connection with his  
4 signing the settlement agreement, so by  
5 definition the only way that information could  
6 have been conveyed to Mr. Moffatt would have  
7 been through an attorney reflecting that  
8 attorney's mental impressions upon hearing or  
9 reading, depending on the facts, what the DEA  
10 told him. So on that basis I am asserting  
11 privilege.

12 I think the manner in which to proceed  
13 here would be for you to ask Mr. Moffatt if he  
14 obtained any information from the attorney that  
15 was separate from or in addition to the  
16 information already contained in the settlement  
17 agreement so we at least can see if there's even  
18 a dispute.

19 BY MR. ELSNER:

20 Q. Did you obtain any information  
21 regarding the allegations here by the DEA above  
22 and beyond what's written in the settlement  
23 agreement?

24 A. I don't recall getting any other

1 information.

2 Q. Did you ask for any?

3 A. I don't recall what we specifically  
4 discussed.

5 Q. This was just in June of last year,  
6 it's not a particularly old event, and you said  
7 you did have a recollection of it. So did  
8 you -- did you personally discuss any of these  
9 matters with anyone at the DEA?

10 A. No. Mark or someone on Betsy's team  
11 would be responsible for this sort of matter.

12 Q. Did the DEA provide CVS with any  
13 document describing its findings that you're  
14 aware of?

15 MR. DELINSKY: Object to form.

16 You may answer.

17 A. I wouldn't have been involved, so I  
18 don't know what the DEA would have provided.

19 BY MR. ELSNER:

20 Q. Did you ask Mr. Vernazza if there were  
21 any documents provided by the DEA?

22 A. I did not ask him if there were  
23 documents provided, not that I recall.

24 Q. Did you -- did Mr. Vernazza, yes or

1 no, tell you what the DEA findings were with  
2 respect to these CVS stores in Long Island?

3 MR. DELINSKY: Objection. Asked and  
4 answered.

5 A. In connection with signing this we had  
6 discussions, but I don't recall specifically  
7 what he told me about the contentions or, you  
8 know, any conclusions.

9 BY MR. ELSNER:

10 Q. I'm just trying to understand, before  
11 you would execute these agreements, did you just  
12 rely on the lawyers at CVS who were involved in  
13 this process and simply sign it, or did you do  
14 any of your own independent analysis in  
15 consideration before executing them?

16 MR. DELINSKY: Object to form.

17 A. I would have a discussion about the  
18 attorneys involved, but I didn't do an  
19 independent investigation.

20 BY MR. ELSNER:

21 Q. How many discussions?

22 A. It would depend on the case and the  
23 circumstances. I don't -- we probably only had  
24 one or two discussions about this matter.



## SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the United States Drug Enforcement Administration ("DEA")(collectively the "United States"), and CVS Pharmacy, Inc. and all of its relevant subsidiaries, entities, and affiliates that operate retail pharmacies in Nassau and Suffolk counties on Long Island, in the State of New York (collectively "CVS"), (hereinafter collectively referred to as "the Parties"), through their authorized representatives.

### Recitals

A. CVS Pharmacy, Inc. is a Rhode Island corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS directly or indirectly operates CVS Pharmacy retail pharmacies in Nassau and Suffolk counties on Long Island, in the State of New York, that dispense prescription drugs, including controlled substances, to retail consumers (hereinafter referred to as "Long Island CVS Pharmacy retail stores").

B. Each Long Island CVS Pharmacy retail store is separately registered with the DEA and is assigned a unique DEA registration number that authorizes the store to dispense controlled substances pursuant to the provisions of the Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.* ("the CSA"), and its implementing regulations.

C. CVS acknowledges that all of the Long Island CVS Pharmacy retail stores were and are required to comply with the CSA and the regulations promulgated thereunder.

D. CVS has been working cooperatively and directly with the Group Supervisor of Group D-11 of the DEA Long Island District Office concerning thefts or significant losses of controlled substances, including the reporting thereof.

E. The United States contends that it has certain civil and/or administrative claims under the CSA and its implementing regulations against CVS. Specifically, the United States contends that, on or before the Effective Date of the Agreement, the Long Island CVS Pharmacy retail stores violated 21 U.S.C. § 842 and/or the CSA's implementing regulations, including without limitation by:

- between February 2013 and January 2015, failing to report to DEA, in writing, within one business day of discovery, thefts or significant losses of controlled substances, including hydrocodone, from certain Long Island CVS Pharmacy retail stores, as required by 21 C.F.R. 1301.76(b).

The United States' claims and allegations against CVS under 21 U.S.C. § 842 and/or the CSA's implementing regulations as set forth above in this Paragraph E shall hereinafter be referred to as the "Covered Conduct."

F. This Agreement is neither an admission of liability by CVS nor a concession by the United States that its claims are not well founded.

G. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

**Terms of Agreement**

1. CVS shall pay the United States One Million and Five Hundred Thousand dollars (\$1,500,000) (the "Settlement Amount"), which shall be paid no later than fourteen (14) business days after the Effective Date of this Agreement. Payment of the Settlement Amount shall be by electronic funds transfer in accordance with written instructions from the Office of the United States Attorney.

2. Subject to the exceptions in Paragraph 5 (concerning excluded claims) herein, and conditioned upon CVS's full payment of the Settlement Amount under this agreement, the United States releases CVS from any civil or administrative claim the United States has for the Covered Conduct.

3. This Agreement in no way alters or restricts the United States' right to enforce the CSA and regulations promulgated thereunder by commencing an administrative or civil action against CVS for any conduct that does not arise from the Covered Conduct or that occurs after the Effective Date of this Agreement.

4. The obligations imposed upon CVS pursuant to this Agreement are in addition to, and not in derogation of, obligations imposed upon CVS pursuant to any federal, state or local law, including without limitation the CSA and the regulations promulgated thereunder.

5. Notwithstanding the releases given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- g. Any liability for failure to deliver goods or services due;

h. Any liability of individuals.

6. CVS fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) which CVS could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct, or arising from the United States' investigation and resolution of claims based upon the Covered Conduct.

7. CVS waives and shall not assert any defenses CVS may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

8. CVS agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of CVS, its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and investigation(s) of the matters covered by this Agreement;

- (3) CVS's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment CVS makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by CVS, and CVS shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by CVS or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: CVS further agrees that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this Paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by CVS and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. CVS agrees that the



United States, at a minimum, shall be entitled to recoup from CVS any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by CVS or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on CVS or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

9. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity.

10. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

11. Each party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

12. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of New York. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

13. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

14. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

15. This Agreement shall become final and binding only upon signing by all parties hereto.

16. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall together constitute one and the same agreement, and for purposes of this agreement, facsimile signatures shall be treated as equivalent to originals.

17. This Agreement is binding on CVS's successors, transferees, heirs, and assigns.

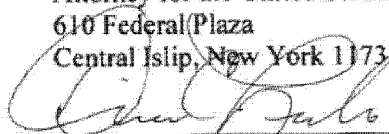
18. The Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

[The remainder of this page is intentionally blank]

19. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date" of this Agreement). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

Dated: June 15 2018  
Central Islip, New York

RICHARD P. DONOGHUE  
United States Attorney  
Attorney for the United States  
610 Federal Plaza  
Central Islip, New York 11733



Diane C. Leonardo  
Assistant U.S. Attorney  
631-715-7854

Dated: June 15 2018  
Woonsocket, Rhode Island

CVS Pharmacy, Inc.  
One CVS Drive  
Woonsocket, Rhode Island

By:



Thomas S. Moffatt  
Vice President, Secretary and  
Assistant General Counsel



Oklahoma:

Moffatt Tr. at 216:15-218:3

CVS-MDLT1-00060822-60829

1           A.     So generally speaking, I would talk to  
2     the attorney that was involved in the matter and  
3     they would tell me what was involved, and I  
4     would read it.

5     BY MR. ELSNER:

6           Q.     Okay. You wouldn't do your own  
7     independent investigation of the alleged facts  
8     by the DEA?

9           MR. DELINSKY: Object to form.

10          A.     I would not. We had other people that  
11     were responsible for both handling the matter  
12     and, you know, store operations and so forth, so  
13     I wouldn't do my own investigation.

14     BY MR. ELSNER:

15          Q.     And would you review any of the  
16     letters or documentation provided by the DEA to  
17     CVS related to those investigations before you  
18     executed the document?

19          MR. DELINSKY: Object to form.

20          A.     Not that I recall. Not typically.  
21     Typically it would be more a conversation with  
22     the attorney. I'm sure on some occasions I  
23     would have some of the background, either -- you  
24     know, sometimes I would be involved -- like in

1     this case I would be in providing a declaration  
2     earlier in the matter, so I might have been  
3     involved then. For the signing of this  
4     particular settlement agreement, I think it  
5     would have just been a conversation with the  
6     attorneys.

7           Q.     Was this approved by anyone at CVS  
8     Pharmacy?

9           A.     It was signed by Josh Flum, who was  
10    senior vice president. I think at the time he  
11    was pharmacy operations. But again, it would be  
12    one attorney or group of attorneys. I'm not  
13    sure who handled it. They would have been  
14    handing the matter and would have brought it to  
15    both me and Josh to sign.

16          Q.     And who would those attorneys be at  
17    CVS?

18          A.     It varies, but Betsy Ferguson was head  
19    of the area, so it would be her and other  
20    attorneys in her group.

21          Q.     But in settlement of the Oklahoma  
22    investigation, CVS agreed to pay \$11 million,  
23    and you executed that settlement agreement on  
24    behalf of Oklahoma CVS, is that right?

1 MR. DELINSKY: Object to form.

2 A. That's correct. That's what  
3 Paragraph 15 says.

4 BY MR. ELSNER:

5 Q. There was also an investigation by the  
6 DEA of CVS stores in Rhode Island, is that  
7 right?

8 MR. DELINSKY: Object to form.

9 A. Others are involved in the various  
10 investigations. I'm generally aware that there  
11 was one in Rhode Island.

12 BY MR. ELSNER:

13 Q. Okay. This is MR 225. This is  
14 Exhibit 19, Mr. Moffatt.

15 (Whereupon, CVS-Moffatt-19 was marked  
16 for identification.)

17 BY MR. ELSNER:

18 Q. If you turn to Page 3 of 7 of the  
19 settlement agreement, paragraph I, it states,  
20 does it not, that "Between October 18, 2013 and  
21 March 2, 2015, the DEA Providence Resident  
22 Office conducted an investigation into CVS'  
23 dispensing of prescriptions from Rhode Island  
24 CVS/pharmacy retail stores." Is that right?

## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into between the United States Attorney's Office for the Western District of Oklahoma, acting on behalf of the United States Department of Justice, the U.S. Attorneys' Offices for all judicial districts of the United States, and the Drug Enforcement Administration ("DEA") (collectively, the "United States" or "Government"), and Oklahoma CVS Pharmacy, L.L.C., and CVS Pharmacy, Inc., (collectively, "CVS") (and the United States and CVS, collectively, as the "Parties").

1. CVS Pharmacy, Inc. is a Rhode Island corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS Pharmacy, Inc., directly and through its retail pharmacy subsidiaries and affiliates, currently operates approximately 7,400 retail pharmacies in the United States principally under the trade name "CVS/pharmacy" that dispense branded and generic prescription drugs, including controlled substance medications, to retail consumers (hereafter referred to as "CVS/pharmacy retail stores").

2. Oklahoma CVS Pharmacy, L.L.C., an Oklahoma corporation that is a subsidiary of CVS Pharmacy, Inc., operates 46 CVS/pharmacy retail stores in Oklahoma.

3. Each CVS/pharmacy retail store in Oklahoma and elsewhere is separately registered with DEA and is assigned a unique DEA registration number to dispense controlled substances as required by the Controlled Substances Act, 21 U.S.C. Sections 801 *et seq.* (the "CSA").

4. CVS acknowledges that each of its DEA-registered retail stores is required to comply with certain record keeping requirements as provided under the CSA and the regulations promulgated thereunder.

5. CVS acknowledges that the CSA and the regulations promulgated thereunder require that each registrant, including pharmacies, maintain complete and accurate records of each

substance manufactured, received, sold, delivered, dispensed or otherwise disposed of by the registrant. 21 U.S.C. § 827 (a)(3); 21 C.F.R. §§ 1304.03, 1304.21.

6. CVS acknowledges that the CSA and the regulations promulgated thereunder further require that these records be readily retrievable and available from the ordinary business records of the registrant for inspection and copying by officers or employees of DEA for a period of two years. 21 U.S.C. § 827 (b); 21 C.F.R. § 1304.04.

7. CVS acknowledges that it has the duty to continue to take good faith measures and maintain policies and procedures to promote compliance with the record keeping requirements of the CSA and the regulations promulgated thereunder.

8. This Agreement is neither an admission of liability by CVS nor a concession by the United States that its claims are not well founded. By entering into this Agreement, CVS does not admit to the allegations in paragraph 11, below, or to any violation of law, liability, fault, misconduct or wrongdoing in connection with those allegations.

9. CVS has maintained both hard copy prescription records and electronic prescription records during certain time periods, including the period from October 6, 2005 to the October 5, 2011 (hereafter the “relevant time period”).

10. The United States, through DEA, has reviewed prescription records at CVS/pharmacy retail stores in Oklahoma and elsewhere during the relevant time period and alleges that the records were not in each instance in compliance with the requirements of the CSA and the regulations promulgated thereunder.

11. The United States alleges the following general conduct by CVS/pharmacy retail stores in Oklahoma and elsewhere for the relevant time period under circumstances that violate the CSA and the regulations promulgated thereunder (referred to hereafter as the “Covered Conduct”):

(i) filling prescriptions for certain prescribers whose DEA registration numbers were not current or valid; (ii) entering and maintaining invalid DEA registration numbers on CVS dispensing records for certain prescriptions, which were at times provided to state prescription drug monitoring programs; and (iii) entering and maintaining CVS dispensing records including prescription vial labels that identify a non-prescribing provider as the prescribing provider for certain prescriptions.

The United States also alleges the specific conduct by CVS/pharmacy retail stores in Oklahoma and elsewhere for the relevant time period as set forth in the *Complaint* filed in Civil Action CIV 11-1124-HE in the United States Court for the Western District of Oklahoma constitutes Covered Conduct and is subject to the releases and terms as expressed herein.

12. At all times relevant herein, the CSA authorized the imposition of civil penalties for each of the categories of alleged Covered Conduct as described in paragraph 11, above.

13. To avoid the delay, expense, inconvenience, and uncertainty of litigation of these claims, the Parties agree to settle this matter pursuant to the Terms and Conditions below.

#### **TERMS AND CONDITIONS**

14. In reliance of the foregoing, and in consideration of mutual promises, covenants and obligations of this Settlement Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms and conditions.

15. CVS shall pay to the United States the total sum of \$11,000,000.00 (eleven million dollars and no cents) (the "Settlement Amount") within ten (10) business days after the full execution of the Settlement Agreement by electronic funds transfer pursuant to written instructions provided to CVS by the United States Attorney's Office for the Western District of Oklahoma.



16. In consideration of these undertakings by CVS, the United States fully and finally settles and relinquishes all claims for civil and administrative monetary and other relief, in law or equity, which it has asserted, could have asserted or may assert in the future against CVS and its officers, directors, agents, employees, parents, subsidiaries and affiliates, and their respective officers, directors and employees for violations of the CSA and the regulations promulgated thereunder related to or arising from the Covered Conduct during the relevant time period.

17. In consideration of the undertakings by the United States, CVS fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs and expenses of every kind and however denominated) which it has asserted, could have asserted or may assert in the future against the United States, its agencies, employees, servants and agents related to the investigation, prosecution and settlement of the Covered Conduct.

18. The United States and defendants will each bear their own costs and attorneys' fees in this matter.

19. The United States specifically reserves and excludes from the scope and terms of the Agreement as follows:

- A. Any federal criminal liability;
- B. Any criminal, civil or administrative claim arising under Title 26, U.S. Code (Internal Revenue Service);
- C. Any administrative liability unrelated to the Covered Conduct;
- D. Any administrative liability related to the Covered Conduct of (1) a CVS registrant located in the State of Oklahoma which was the subject of a DEA investigation prior to October 1, 2011, and (2) Stores 219 and 5195 located in Sanford, Florida, which were subject to investigation prior to the effective date of this settlement agreement;



E. Any civil liability pursuant to the provisions of the False Claims Act, 31 U.S.C. §§ 3729 et seq. common law fraud, or unjust enrichment, which is related to the Covered Conduct; and

F. Any liability to the United States for any conduct other than that covered by the release in paragraph 16.

20. This Agreement is to be binding on, and for the benefit of, the Parties, and is not intended to be, and shall not be interpreted to constitute, a release of any person or entity not identified or referred to herein.

21. This Agreement shall be governed by the laws of the United States. If a dispute arises under the Agreement between CVS and the United States, exclusive jurisdiction and venue shall lie in the federal district of the Western District of Oklahoma.

22. This Agreement constitutes the entire agreement between the Parties and cannot be amended except in writing and when signed by all Parties to this Agreement.

23. It is understood by all parties that this settlement agreement is not subject to any non-disclosure agreement. It is further understood that government officials may initiate press releases, respond to appropriate inquiries regarding this settlement agreement, and may include the amount paid and other general information in governmental reports.

24. CVS acknowledges that its authorized representatives have read this Agreement and understand that as of its Effective Date, it will be a matter of public record.

25. Each person who signs this Agreement in a representative capacity warrants that he or she is fully authorized to do so.

26. This Agreement shall become effective on the date of signing by the last signatory. It may be executed in counterparts, each of which shall constitute an original and all of which shall

constitute one and the same agreement. The United States agrees to notify CVS immediately when the final signatory has executed this Agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures.

ON BEHALF OF THE UNITED STATES OF AMERICA:

SANFORD C. COATS  
United States Attorney


 DATE: 3-28-13

**RONALD R. GALLEGOS**  
Assistant United States Attorney  
U.S. Attorney's Office, WD/OK  
210 W. Park, Ste. 400  
Oklahoma City, OK 73102  
Tel: 405-553-8700 Fax: 405-553-8885  
[ron.gallegos@usdoj.gov](mailto:ron.gallegos@usdoj.gov)

ON BEHALF OF THE DRUG ENFORCEMENT ADMINISTRATION:

 DATE: 3/20/13

**MICHELE LEONHART**  
Administrator  
Drug Enforcement Administration

 DATE: 3/13/13

**WENDY GOGGIN**  
Chief Counsel  
Drug Enforcement Administration

ON BEHALF OF OKLAHOMA CVS PHARMACY, L.L.C.:



**THOMAS S. MOFFATT**

*TM* ~~Vice President and Corporate Secretary~~ *TM*  
Oklahoma CVS Pharmacy, L.L.C.

DATE: 3/20/2013

ON BEHALF OF CVS PHARMACY, INC.:



**JOSH M. FLUM**

Senior Vice President  
CVS Pharmacy, Inc.

DATE: 3/20/2013

**ROBERT N. DRISCOLL**

Friedlander Misler PLLC  
Attorneys for Oklahoma CVS Pharmacy, L.L.C., and  
CVS Pharmacy, Inc.

DATE: \_\_\_\_\_

**JOHN A. GILBERT, JR.**

Hyman, Phelps & McNamara  
Attorneys for Oklahoma CVS Pharmacy, L.L.C., and  
CVS Pharmacy, Inc.

DATE: \_\_\_\_\_

ON BEHALF OF OKLAHOMA CVS PHARMACY, L.L.C.:

\_\_\_\_\_  
**THOMAS S. MOFFATT**

Vice President and Corporate Secretary  
Oklahoma CVS Pharmacy, L.L.C.

DATE: \_\_\_\_\_

ON BEHALF OF CVS PHARMACY, INC.:

\_\_\_\_\_  
**JOSH M. FLUM**

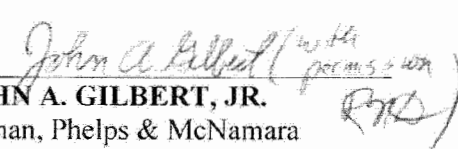
Senior Vice President  
CVS Pharmacy, Inc.

DATE: \_\_\_\_\_

  
**ROBERT N. DRISCOLL**

Friedlander Misler PLLC  
Attorneys for Oklahoma CVS Pharmacy, L.L.C., and  
CVS Pharmacy, Inc.

DATE: 3/20/13

  
**JOHN A. GILBERT, JR.**

Hyman, Phelps & McNamara  
Attorneys for Oklahoma CVS Pharmacy, L.L.C., and  
CVS Pharmacy, Inc.

DATE: 3/20/13

Rhode Island:

Moffatt Tr. at 218:5-222:21

CVS-MDLT1-00060847-60855

1 MR. DELINSKY: Object to form.

2 A. That's correct. That's what  
3 Paragraph 15 says.

4 BY MR. ELSNER:

5 Q. There was also an investigation by the  
6 DEA of CVS stores in Rhode Island, is that  
7 right?

8 MR. DELINSKY: Object to form.

9 A. Others are involved in the various  
10 investigations. I'm generally aware that there  
11 was one in Rhode Island.

12 BY MR. ELSNER:

13 Q. Okay. This is MR 225. This is  
14 Exhibit 19, Mr. Moffatt.

15 (Whereupon, CVS-Moffatt-19 was marked  
16 for identification.)

17 BY MR. ELSNER:

18 Q. If you turn to Page 3 of 7 of the  
19 settlement agreement, paragraph I, it states,  
20 does it not, that "Between October 18, 2013 and  
21 March 2, 2015, the DEA Providence Resident  
22 Office conducted an investigation into CVS'  
23 dispensing of prescriptions from Rhode Island  
24 CVS/pharmacy retail stores." Is that right?

1           A.     Yes, that's what paragraph I says.

2           Q.     Did you have a role with respect to  
3     CVS stores and pharmacies -- were you president  
4     or secretary or treasurer of that entity?

5                     MR. DELINSKY: Object to form.

6           A.     I would have been president of the  
7     Rhode Island entity, yes.

8     BY MR. ELSNER:

9           Q.     And what is that entity called?

10          A.     I have to look it up, but something  
11     along the lines of Rhode Island CVS Pharmacy,  
12     LLC.

13          Q.     Do you know the name sitting here  
14     today?

15          A.     I don't. We have separate store  
16     entities in each state, sometimes multiple, so I  
17     don't know exactly the name of the entity.  
18     Sometimes it's just Rhode Island CVS, sometimes  
19     it's CVS Rhode Island, it varies a little bit.

20          Q.     In paragraph J it states that "The  
21     United States contends that it has certain civil  
22     and administrative claims under the Act," this  
23     is the Controlled Substances Act, and "it's  
24     implementing regulations based on CVS' conduct

1 in Rhode Island CVS/pharmacy retail stores  
2 between the 3rd of March, 2010 and the date of  
3 this agreement," and then it goes on to list  
4 certain conduct which includes "Filling  
5 prescriptions with invalid prescriber DEA  
6 numbers, or under circumstances where the  
7 pharmacist filling the prescription knew or had  
8 reason to know that the prescription in question  
9 was invalid or unauthorized."

10 Did I read that correctly?

11 A. That's what Paragraph 1 says.

12 Q. In Paragraph 2 for "Filling  
13 prescriptions for Schedule III controlled  
14 substances written by psychiatric nurse  
15 practitioners who were not authorized under  
16 state law or by the terms of their DEA  
17 registration to issue such prescriptions," is  
18 that right?

19 A. That's what Paragraph 2 says.

20 Q. Okay. And third that "Entering,  
21 creating, or maintaining CVS dispensing records,  
22 including prescription vial labels, in which the  
23 DEA registration numbers of non-prescribing  
24 practitioners, including non-prescribing



1 practitioners who were not really authorized to  
2 prescribe the substances dispensed, were  
3 substituted for the DEA registration numbers of  
4 prescribing practitioners, in violation of the  
5 Controlled Substances Act," is that right?

6 A. That's what Paragraph 3 says, yes.

7 Q. Were you aware that the DEA had made  
8 such contentions with respect to CVS stores in  
9 Rhode Island based on your role as the president  
10 of the CVS entity in Rhode Island covering those  
11 stores?

12 MR. DELINSKY: Object to form.

13 A. No. Others at CVS would have been  
14 responsible for this sort of investigation, and  
15 for the settlement, so I was not involved in  
16 preparing this document or in the investigation.

17 BY MR. ELSNER:

18 Q. Okay. And CVS agreed to pay in  
19 settlement of these claims \$450,000 to the  
20 United States Government, is that right?

21 A. That's what Paragraph 1 on Page 4  
22 says.

23 Q. Were you aware of that as the  
24 president of the CVS Rhode Island entity

1 concerning these stores?

2 MR. DELINSKY: Object to form.

3 A. I was not involved in preparing any of  
4 this or in the amount that was agreed upon. To  
5 the extent I knew about it, it was because of my  
6 role as an attorney as opposed to because I'm  
7 president of the store entity.

8 BY MR. ELSNER:

9 Q. They wouldn't have informed you as  
10 president of the store entity that a settlement  
11 had been reached?

12 MR. DELINSKY: Object to form.

13 A. They informed me because I'm an  
14 attorney. I'm also president of the entity. I  
15 don't know if they would have informed somebody  
16 else if somebody else was the president, but  
17 they did inform me.

18 BY MR. ELSNER:

19 Q. Okay. And Betsy Ferguson executed  
20 this document on August 5, 2015, Page 7 of 7?

21 A. Yes, she did. August 5th.

22 Q. Were you aware that the DEA had  
23 conducted investigations of CVS pharmacies in  
24 California, in Nassau and Suffolk County, New

### **SETTLEMENT AGREEMENT**

This Settlement Agreement is made and entered into this 7<sup>th</sup> day of August, 2015 by and between the United States Attorney's Office for the District of Rhode Island, acting on behalf of the United States, the Drug Enforcement Administration ("DEA"), Providence Resident Office and CVS Health and all of its subsidiaries, entities, and affiliates, to the extent of their existence as a component or affiliate of CVS Health during the time period provided of the DEA Investigation as defined in Recital Paragraph I, herein (collectively "CVS") (each a "Party" and collectively the "Parties").

#### **I. Recitals**

A. CVS Health is a Delaware corporation with its corporate headquarters in Woonsocket, Rhode Island. CVS Health, directly or through its retail pharmacy subsidiaries and affiliates, and through its CVS/pharmacy division, operates retail pharmacies in the State of Rhode Island that dispense prescription drugs, including controlled substances, to retail consumers (hereafter referred to as "CVS/pharmacy retail stores").

B. Each CVS/pharmacy retail store in Rhode Island is separately registered with DEA and is assigned a unique DEA registration number that authorizes it to dispense controlled substances pursuant to the provisions of the Controlled Substances Act, 21 U.S.C. §§ 801 *et seq.* ("the Act"), and its implementing regulations. The CVS/pharmacy retail stores physically located in the State of Rhode Island will be referred to collectively herein as "Rhode Island CVS/pharmacy retail stores."

C. Pharmacies registered with DEA as chain pharmacies are permitted to dispense prescriptions, including controlled substances.

D. CVS acknowledges that all of its DEA-registered CVS/pharmacy retail stores were and are required to comply with the CSA and the regulations promulgated thereunder.

E. The Act, specifically 21 U.S.C. § 842(a), forbids dispensing drugs on Schedules II through IV without a prescription that conforms to, *inter alia*, two requirements: first, that the prescription be issued for a “legitimate medical purpose in the usual course of professional practice . . . by a practitioner,” 21 U.S.C. § 829(e)(2)(A), and (2) that the issuing practitioner be “licensed by law to administer such drug,” 21 U.S.C. § 353(b); *see also* 21 C.F.R. § 1306.03(a)(1). A prescription that does not satisfy these criteria is not a valid prescription within the meaning of the Act.

F. CVS acknowledges that it has a corresponding responsibility to dispense only those prescriptions that have been issued for a legitimate medical purpose by an individual practitioner acting in the usual course of professional practice and that knowingly filling a prescription not issued in the usual course of professional treatment or by a prescriber not licensed to prescribe the substance dispensed subjects the pharmacy filling the prescription to penalties under the Act. 21 C.F.R. § 1306.04.

G. In addition, the Act requires that individuals and entities registered to prescribe, administer or dispense controlled substances observe various recordkeeping requirements with respect to those substances, including but not limited to accurately labelling controlled substance prescriptions that are dispensed to patients and consumers. 21 U.S.C. § 842 (a)(5) and 21 C.F.R. § 1306.24.

H. At all times relevant to this agreement, the Act authorized the imposition of civil penalties and/or administrative sanctions for each of the categories of Covered Conduct as described in Recital Paragraph J below

I. Between October 18, 2013 and March 2, 2015, the DEA Providence Resident Office conducted an investigation into CVS' dispensing of prescriptions from Rhode Island CVS/pharmacy retail stores (the "DEA Investigation").

J. The United States contends that it has certain civil and administrative claims under the Act and its implementing regulations based on CVS' conduct at its Rhode Island CVS/pharmacy retail stores between March 3, 2010 and the date of this agreement, which conduct was the subject of the DEA Investigation, to wit:

- (1) Filling prescriptions with invalid prescriber DEA numbers, or under circumstances where the pharmacist filling the prescription knew or had reason to know that the prescription in question was invalid or unauthorized, in violation of 21 U.S.C. § 842 (a)(1) and CVS' corresponding responsibility pursuant to 21 C.F.R. § 1306.04;
- (2) Filling prescriptions for Schedule III controlled substances written by psychiatric nurse practitioners who were not authorized under state law or by the terms of their DEA registration to issue such prescriptions, in violation of 21 U.S.C. § 842 (a)(1) and 21 C.F.R. § 1306.03(a)(1);
- (3) Entering, creating, or maintaining CVS dispensing records, including prescription vial labels, in which the DEA registration numbers of non-prescribing practitioners, including non-prescribing practitioners who were not legally authorized to prescribe the substances dispensed, were substituted for the DEA registration numbers of prescribing practitioners, in violation of 21 U.S.C. § 842 (a)(5) and 21 C.F.R. § 1306.24.

The conduct described above in this paragraph is hereinafter referred to as the "Covered Conduct".

K. CVS denies that any provision of the Act and the regulations thereunder have been violated, or that it is liable to the United States.

L. The United States and CVS desire to reach a mutual agreement that settles, compromises, and resolves all claims based on alleged violations of the Act identified in the

course of the DEA Investigation, without any admission of liability or wrongdoing in this or any other proceeding, in order to avoid the delay, uncertainty, and expense of litigation.

## **II. Terms of Agreement**

In accordance with the mutual covenants and agreements herein, and with full authority to enter into this Settlement Agreement and to be bound thereby, the United States, through the Office of the United States Attorney for the District of Rhode Island and its Drug Enforcement Administration, Providence Resident Office, and CVS agree as follows:

1. CVS shall pay the United States the sum of FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$450,000.00) (the "Settlement Amount"), which shall be paid within five business days of the execution of this Settlement Agreement by all parties. The payment described in this Settlement Agreement is made in compromise of disputed claims and is not an admission and/or acknowledgment by CVS of liability and/or wrongdoing, nor by the United States or the DEA that their claims are not well founded.

2. Payment of the Settlement Amount shall be by electronic funds transfer in accordance with written instructions from the Office of the US Attorney, with written notice to said Office at the time of payment.

3. In exchange for, and in consideration of, the foregoing, including specifically CVS' agreement to pay the United States the Settlement Amount, the United States agrees to settle, release, and relinquish all civil and administrative claims, causes of action, suits, debts, in law or equity, against CVS based upon the Covered Conduct as described in Recital Paragraph J.

4. This Settlement Agreement, and the conditions contained herein, in no way alters or restricts the United States' rights to enforce the Act and regulations promulgated thereunder by commencing an administrative or civil action against CVS for any violations of the Act which do



not arise out of the Covered Conduct identified in this Settlement Agreement, or for any violations which occur after the date of the signing of this Settlement Agreement.

5. In addition to the foregoing, specifically reserved and excluded from the scope and terms of this agreement and the release it provides are the following:

- a. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Any civil or administrative liability to the United States (or its agencies) for any conduct other than the Covered Conduct, and/or any civil or administrative liability to the United States for conduct outside the District of Rhode Island;
- d. Any liability based upon such obligations as are created by this Settlement Agreement.

6. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

7. This Agreement binds and is intended to benefit only the Parties. This Agreement is not intended to be, and shall not be interpreted to constitute, a release of any person or entity not identified or referred to herein. This Agreement is specifically limited to the Office of the United States Attorney for the District of Rhode Island and the DEA for the Providence Resident Office and cannot bind other federal, state, or local authorities and jurisdictions.

8. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

9. Each Party and signatory to this Agreement represents that he, she, or it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

10. The parties agree that any dispute regarding this Settlement Agreement shall be filed and heard in the United States District Court for the District of Rhode Island, including but not limited to any proceeding to enforce the terms of this Settlement Agreement, and no party shall challenge the jurisdiction or venue of that Court over such proceedings.

11. CVS fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) which CVS could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct, or arising from the DEA Investigation and resolution of claims based upon the Covered Conduct.

12. This document contains the entire agreement between CVS and the United States regarding the claims at issue herein.

13. This Settlement Agreement shall become final and binding only upon signing by all parties hereto.

14. This Settlement Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall together constitute one and the same agreement, and for purposes of this agreement, facsimile signatures shall be treated as equivalent to originals.

15. This Settlement Agreement may only be modified by a writing signed by both parties.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]



16. Nothing in this Settlement Agreement or elsewhere shall be deemed to render this agreement confidential or otherwise exempt or restricted from public disclosure.

**FOR THE UNITED STATES:**

Dated: Providence, Rhode Island

*At* July 7, 2015

PETER F. NERONHA  
United States Attorney  
50 Kennedy Plaza, 8<sup>th</sup> Floor  
Providence, RI 02903

By: 

Zachary A. Cunha  
Bethany N. Wong  
Assistant U.S. Attorneys  
(401) 709-5000

**FOR CVS:**

Dated: Woonsocket, Rhode Island

July \_\_, 2015

CVS HEALTH  
One CVS Drive  
Woonsocket, RI 02895

Elizabeth S. Ferguson  
Senior Vice President & Assistant General Counsel

Nancy Coffey  
DEA Diversion Program Manager  
New England Field Division

Michael J. Ferguson  
DEA Special Agent in Charge  
New England Field Division

16. Nothing in this Settlement Agreement or elsewhere shall be deemed to render this agreement confidential or otherwise exempt or restricted from public disclosure.

**FOR THE UNITED STATES:**

**FOR CVS:**

Dated: Providence, Rhode Island  
July \_\_, 2015

Dated: Woonsocket, Rhode Island  
July \_\_, 2015

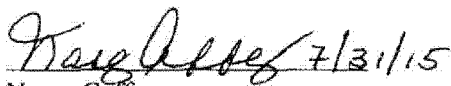
PETER F. NERONHA  
United States Attorney  
50 Kennedy Plaza, 8<sup>th</sup> Floor  
Providence, RI 02903


CVS HEALTH  
One CVS Drive  
Woonsocket, RI 02895

By:

\_\_\_\_\_  
Zachary A. Cunha  
Bethany N. Wong  
Assistant U.S. Attorneys  
(401) 709-5000

\_\_\_\_\_  
Elizabeth S. Ferguson  
Senior Vice President & Assistant General Counsel

  
\_\_\_\_\_  
Nancy Coffey  
DEA Diversion Program Manager  
New England Field Division

  
\_\_\_\_\_  
Michael J. Ferguson  
DEA Special Agent in Charge  
New England Field Division

16. Nothing in this Settlement Agreement or elsewhere shall be deemed to render this agreement confidential or otherwise exempt or restricted from public disclosure.

**FOR THE UNITED STATES:**

Dated: Providence, Rhode Island  
July \_\_, 2015

PETER F. NERONHA  
United States Attorney  
50 Kennedy Plaza, 8<sup>th</sup> Floor  
Providence, RI 02903

**FOR CVS:**

Dated: Woonsocket, Rhode Island  
~~July~~ \_\_, 2015  
August 5

CVS HEALTH  
One CVS Drive  
Woonsocket, RI 02895

By:

\_\_\_\_\_  
Zachary A. Cunha  
Bethany N. Wong  
Assistant U.S. Attorneys  
(401) 709-5000

  
\_\_\_\_\_  
Elizabeth S. Ferguson  
Senior Vice President & Assistant General Counsel

\_\_\_\_\_  
Nancy Coffey  
DEA Diversion Program Manager  
New England Field Division

\_\_\_\_\_  
Michael J. Ferguson  
DEA Special Agent in Charge  
New England Field Division

Texas:

Moffatt Tr. at 237:17-241:21

CVS-MDLT1-000060915-60921

1 that were covered by the settlement agreement.

2 Do you know which of these stores experienced  
3 thefts of controlled substances?

4 MR. DELINSKY: Object to form.

5 A. I don't know specifically. Others at  
6 CVS would be informed of thefts at particular  
7 stores. It would not -- I would not be  
8 informed.

9 BY MR. ELSNER:

10 Q. Were you aware that CVS had also  
11 investigated -- sorry, that the DEA investigated  
12 CVS stores in Texas concerning thefts of  
13 controlled substances in Texas?

14 A. I was -- I'm not involved in any of  
15 these matters, so I don't recall specifics about  
16 Texas, no.

17 (Whereupon, CVS-Moffatt-21 was marked  
18 for identification.)

19 BY MR. ELSNER:

20 Q. This is Exhibit 21, which is the  
21 settlement agreement between CVS and the DEA,  
22 and this is dated December of 2015. If you look  
23 at Paragraph 7.

24 A. Paragraph 1 is wrong. I can't help

1 it.

2 What is it? Which paragraph?

3 Q. Paragraph 7.

4 A. 7, okay. Okay.

5 Q. Sorry, what was wrong about  
6 Paragraph 1?

7 A. "CVS is incorporated in Delaware."  
8 It's incorporated in Rhode Island. So it's  
9 referring to CVS Pharmacy, Inc.

10 Q. It's fair to say CVS's corporate  
11 structure is pretty complicated, is that right?

12 MR. DELINSKY: Object to form.

13 A. It's -- we have a lot of entities,  
14 yes, I'd agree with that.

15 BY MR. ELSNER:

16 Q. How many entities?

17 A. Right now? Roughly a thousand.

18 Q. And how many of those entities do you  
19 serve as a president or officer of?

20 A. I'd have to generate a report. I'm  
21 not sure.

22 Q. What's your best estimate?

23 MR. DELINSKY: Objection. Asked and  
24 answered.

1           A.     Hundreds of those, not all of them,  
2     but a large number of them.

3     BY MR. ELSNER:

4           Q.     Did it -- let's go back to the  
5     document.

6                     Paragraph 7 of the settlement  
7     agreement. It reads "The United States contends  
8     that it has certain civil claims against CVS for  
9     engaging in the following conduct from  
10    January 1, 2013 through October 23, 2014." And  
11    it then states that "On October 15, 2014, DEA  
12    issued a Notice of Inspection to CVS Pharmacy  
13    5667," which is in Houston, Texas, "after that  
14    pharmacy had reported a theft of over 40,000  
15    dosage units of controlled substances by two  
16    former employees."

17                    Were you aware that there was a 40,000  
18    dosage unit theft of controlled substances from  
19    the CVS store in Houston, Texas?

20                   MR. DELINSKY: Object to form.

21           A.     I'm not responsible for this sort of  
22    investigation or activity, so I was not  
23    informed. Others at CVS that would be  
24    responsible for this would have been informed.

1 BY MR. ELSNER:

2 Q. Did you serve as an officer of any of  
3 the CVS -- of this CVS Pharmacy in Houston,  
4 Texas in 2013 and '14?

5 A. During the time frame, I believe so,  
6 yes.

7 Q. Okay. Do you know the name of that  
8 entity?

9 A. The Texas stores are actually operated  
10 by CVS Pharmacy, Inc.

11 MR. DELINSKY: Would that change your  
12 answer as to whether or not you were an officer?

13 A. So I am an officer of CVS Pharmacy,  
14 Inc., vice president and secretary.

15 MR. ELSNER: Asked and answered, Eric.

16 MR. DELINSKY: I was trying to clear  
17 it up for myself.

18 BY MR. ELSNER:

19 Q. There were also a listing of  
20 recordkeeping -- allegations of recordkeeping  
21 violations with respect to that theft, is that  
22 right, under 1, 2, and 3, beneath it?

23 A. Yes.

24 Q. Okay. And as a result of this



1 investigation, CVS agreed to pay a settlement in  
2 the amount of \$345,000 in Paragraph 13 on  
3 Page 4, is that right?

4 MR. DELINSKY: Object to form.

5 A. Paragraph 13 on Page 4 refers to a sum  
6 of \$345,000.

7 BY MR. ELSNER:

8 Q. Were you made aware of that as the  
9 president of CVS Texas entity?

10 MR. DELINSKY: Object to form.

11 BY MR. ELSNER:

12 Q. I'm sorry, as the president of CVS  
13 Pharmacy?

14 MR. DELINSKY: Object to form.

15 BY MR. ELSNER:

16 Q. Were you made aware of the amount of  
17 the settlement?

18 A. I was vice president and secretary of  
19 CVS Pharmacy. I -- others would be responsible  
20 for this settlement. To the extent I learned  
21 about it, it would have been as an attorney.

22 Q. If I could show you the next exhibit.

23 There was also an investigation of CVS  
24 in Nassau and Suffolk County, New York on Long

STIPULATED AGREEMENT

This agreement is made and entered into this 18<sup>th</sup> day of December, 2015 between the United States of America ("United States"), acting by and through the United States Attorney's Office for the Southern District of Texas on behalf of the Drug Enforcement Administration ("DEA"), and CVS Pharmacy, Inc., ("CVS"), 1 CVS Drive, Woonsocket, Rhode Island, 02895.

I. RECITALS

1) CVS is incorporated in Delaware, and the corporate headquarters are in Woonsocket, Rhode Island. CVS is the retail pharmacy division of CVS Health Corporation. CVS owns and operates retail pharmacies throughout the United States, including CVS Pharmacy #5667, and is in the business of dispensing branded and generic prescription drugs, as well as over-the-counter medications, to retail consumers.

2) Each pharmacy is separately registered with DEA and is assigned a unique DEA registration number to dispense controlled substances as required by the Controlled Substances Act, 21 U.S.C. § 801, *et seq.*, ("the CSA").

3) CVS is required to operate all of the pharmacies in accordance with the statutory and regulatory provisions of the CSA.

4) DEA is the Department of Justice component agency primarily responsible for administering the CSA and is vested with the responsibility of investigating CSA violations.

5) The Attorney General, through the United States Attorneys, has primary authority to bring civil actions to enforce the CSA in the District noted above. *See* 21 U.S.C. § 871 and 28 C.F.R. § 0.55(c).

6) The United States contends that CVS has engaged in violations of the CSA, and the regulations promulgated thereunder. CVS specifically denies any culpability or wrongdoing but wishes to resolve the matter without commencement of litigation.

7) The United States contends that it has certain civil claims against CVS for engaging in the following conduct from January 1, 2013 through October 23, 2014: On October 15, 2014, DEA issued a Notice of Inspection to CVS Pharmacy #5667, (DEA Registration Number BC8291899), located at 19715 Tomball Parkway, Houston, Texas, 77070, after the pharmacy reported theft of over 40,000 dosage units of controlled substances by two former employees. An on-site inspection was conducted from October 15 to October 17, 2014 by the Houston Division DEA Diversion Group. The inspection revealed that CVS Pharmacy #5667 failed to: (1) Keep an accurate record of [REDACTED] on the biennial inventory in violation of 21 C.F.R. §1304.11(a); (2) Record the date received on eighteen (18) receipt invoices as required by 21 C.F.R. § 1304.22(c) and § 1304.22(a)(2)(iv); and (3) Maintain sixty-seven (67) receipt invoices as required by 21 C.F.R. § 1304.21(a) and all in violation of 21 U.S.C. § 842 (a)(5), and the applicable regulations promulgated thereunder (hereinafter referred to as the "Covered Conduct").

8) At all times relevant to the activity alleged in these Recitals, the CSA, 21 U.S.C. § 842 (c) (1) (B), authorized the imposition of a civil penalty of up to \$10,000 for each violation of § 842 (a) (5).

9) To avoid the delay, expense, inconvenience, and uncertainty of litigation of these claims, the Parties agree to settle, compromise, and resolve all existing or potential claims for civil penalties the United States may have against CVS under § 842 of the CSA based on the Covered Conduct as described in Paragraph 7 above.

10) The parties to this Stipulated Agreement have arrived at an accord intended to resolve this matter without civil litigation of the above described statutory violations.

11) This Agreement is neither an admission of liability by CVS, nor a concession by the United States that its claims are not well founded. In consideration of the mutual promises, covenants, and obligations set forth in this Agreement, the Parties agree as follows:

## **II. TERMS AND CONDITIONS**

**NOW, THEREFORE**, in consideration of the foregoing and the mutual covenants contained herein, the parties hereto hereby agree as follows:

12) The United States agrees to waive the filing of a complaint in the United States District Court for the Southern District of Texas against CVS, provided that it complies with all of the terms and conditions set forth below. Should CVS fail to perform as stipulated herein, the United States reserves the right to rescind this agreement and seek the maximum penalties provided under the law for all violations of the CSA referred to above.

13) CVS will pay the sum of \$345,000.00 to the United States by electronic funds transfer pursuant to written instructions provided by the United States. CVS agrees to make this electronic funds transfer no later than the fourteen, (14), days after the Effective Date of this Stipulation.

14) In consideration of the undertakings by CVS, the United States fully and finally settles and relinquishes all claims for civil penalties which it has asserted, could have asserted, or may assert in the future under 21 U.S.C. § 842 against CVS for possible violations of the CSA, and the regulations promulgated thereunder, based on the Covered Conduct as defined above.

15) In consideration of the undertakings by the United States, CVS fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) which it has asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the investigation, prosecution and settlement of this matter.

16) Notwithstanding any term of this Agreement, specifically reserved and excluded from its scope and terms as to any entity or person are the following:

- A. Any potential criminal liability;
- B. Any criminal, civil or administrative claims arising under Title 26, U.S. Code (Internal Revenue Service);
- C. Any administrative liability, including mandatory exclusion from any federal programs;

D. Any liability to the United States for any conduct other than that covered by the release in Paragraph 14; and

E. Any claims based on such obligations as are created by this Agreement.

17) This Stipulated Agreement does not release CVS from DEA administrative liability under statute, contract, or regulation.

18) The United States does not release CVS from any claims arising under Title 26, U.S. Code (Internal Revenue Code). Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue Laws, Title 26 of the United States Code.

19) All terms used in this Stipulation which are not defined herein shall be defined in accordance with the Controlled Substances Act, 21 U.S.C. §§ 801, *et seq.*, and regulations promulgated thereunder, whenever possible.

20) This Agreement is not intended by the Parties to be, and shall not be interpreted to constitute, a release of any person or entity not identified or referred to herein.

21) This Agreement shall be governed by the laws of the United States. If a dispute arises under this Agreement between CVS and the Office of the United States Attorney signing this Agreement, exclusive jurisdiction and venue shall lie in the federal judicial district of the Southern District of Texas in which the dispute arose, and to the extent that state law applies to the dispute, the law of the State within the jurisdictional district shall apply.

22) The Parties agree that this Agreement does not constitute evidence or an admission by any person or entity, and shall not be construed as an admission by any person or entity, with respect to any issue of law or fact.

23) This Agreement constitutes the entire agreement between the Parties and cannot be amended except in writing and when signed by all the Parties to this Agreement.

24) It is agreed by all parties that the sum of \$345,000.00 represents full and complete settlement of this matter arising under the Act, and applicable regulations, and that each party will bear its own costs, fees and expenses, including any and all attorney's fees associated with this matter including those incurred during the course of the investigation, administrative proceedings, litigation and compromise, settlement and disposition all matters described in and the subject of this agreement.


25) Each person who signs this Agreement in a representative capacity warrants that he or she is fully authorized to do so.

26) The United States and CVS agree that this Stipulated Agreement, including all terms and conditions of the Agreement and any additional agreements relating thereto, and the facts which gave rise to the investigation by DEA and this Stipulation, may be made public in their entirety.

IN WITNESS WHEREOF, CVS, and the United States, through its duly authorized representative, Jill O. Venezia, Assistant United States Attorneys, have executed this Stipulation as of the date indicated below.

**AGREED AND EXECUTED** by the parties hereto:


Approved as to Form and Content:

By:   
Elizabeth S. Ferguson  
1 CVS Drive  
Woonsocket, Rhode Island  
02895  
On behalf of Defendant, CVS

Dated: 12/15/2015

UNITED STATES OF AMERICA  
Through its attorneys,

KENNETH MAGIDSON  
United States Attorney

By:   
JILL O. VENEZIA  
Assistant U.S. Attorney  
United States Attorney's Office  
Texas Bar Number 24010764  
1000 Louisiana, Suite 2300  
Houston, Texas 77002  
Telephone: (713) 567-9511  
Facsimile: (713) 718-3303

Dated: 12/18/2015



Texas II:

Moffatt Tr. at 260:4-261:24

CVS-MDLT1-000060907-60914

1           A.     Others in CVS would be responsible for  
2     what access the stores had. I have no knowledge  
3     about that.

4     BY MR. ELSNER:

5           Q.     Were you aware that there was a second  
6     investigation by the DEA into CVS's operations  
7     in Texas concerning filling prescriptions for a  
8     physician that was not properly licensed?  
9     Exhibit 25.

10                   (Whereupon, CVS-Moffatt-25 was marked  
11                   for identification.)

12           A.     It's Paragraph 7 you're talking about?

13     BY MR. ELSNER:

14           Q.     Yes.

15           A.     I see what Paragraph 7 says, yes.

16           Q.     Okay. So the DEA was investigating  
17     CVS pharmacies in Texas for filling  
18     prescriptions for a Dr. Pedro Garcia, and it was  
19     discovered that he didn't have a valid license  
20     to prescribe those substances, correct?

21                   MR. DELINSKY: Object to form.

22           A.     It says that his Texas Department of  
23     Public Safety controlled substances registration  
24     was expired.

1 BY MR. ELSNER:

2 Q. And CVS filled 153 of those  
3 prescriptions?

4 A. That's what Paragraph 7 indicates.

5 Q. And as a result CVS entered into a  
6 settlement with the DEA in Paragraph 13 on  
7 Page 4 and agreed to pay \$1,912,500 to the DEA,  
8 is that right?

9 MR. DELINSKY: Object to form.

10 A. That's what Paragraph 13 says. Again,  
11 I had no involvement in the settlement or the  
12 underlying matter.

13 BY MR. ELSNER:

14 Q. And it was executed by Betsy Ferguson  
15 on behalf of CVS in August of 2014, is that  
16 right, Page 7?

17 A. Yes. CVS, in this case CVS Pharmacy,  
18 Inc., yes.

19 Q. And did you play a role with respect  
20 to being an officer of the CVS entity in Texas  
21 responsible for this CVS store?

22 A. So that's CVS Pharmacy, Inc., again  
23 vice president, secretary, assistant general  
24 counsel.

**STIPULATED AGREEMENT**

This agreement is made and entered into this 2<sup>nd</sup> day of September, 2014 between the United States of America ("United States"), acting by and through the United States Attorney's Office for the Southern District of Texas on behalf of the Drug Enforcement Administration ("DEA"), and CVS Pharmacy, Inc., ("CVS"), 1 CVS Drive, Woonsocket, Rhode Island, 02895.

**I. RECITALS**

1) CVS is incorporated in Delaware, and the corporate office is in Woonsocket, Rhode Island. CVS Pharmacy, Inc. is the retail pharmacy division of CVS Caremark Corporation and is the largest pharmacy health care provider in the United States. CVS owns and operates retail pharmacies throughout the United States and is in the business of dispensing branded and generic prescription drugs, as well as over-the-counter medications, to retail consumers throughout the United States. In furtherance of this business objective, CVS operates a network of retail pharmacies throughout the United States, including the pharmacies that are listed in Paragraph 7 hereof.

2) Each pharmacy is separately registered with DEA and is assigned a unique DEA registration number to dispense controlled substances as required by the Controlled Substances Act, 21 U.S.C. § 801, *et seq.*, ("the CSA").

3) CVS is required to operate all of the pharmacies in accordance with the statutory and regulatory provisions of the CSA.

4) DEA is the Department of Justice component agency primarily responsible for administering the CSA and is vested with the responsibility of investigating CSA violations.

5) The Attorney General, through the United States Attorneys, has primary authority to bring civil actions to enforce the CSA in the District noted above. *See* 21 U.S.C. § 871 *and* 28 C.F.R. § 0.55(c).

6) The United States contends that CVS has engaged in violations of the CSA, and the regulations promulgated thereunder. CVS specifically denies any culpability or wrongdoing but wishes to resolve the matter without commencement of litigation.

7) The United States contends that it has certain civil claims against CVS for engaging in the following conduct from April 1, 2012 to July 31, 2012: During a DEA investigation into the prescription writing practices of Dr. Pedro Garcia, it was discovered that eight, (8), separate CVS pharmacies filled one hundred, fifty-three, (153), prescriptions for controlled substances written by Dr. Garcia during a time period during which his Texas Department of Public Safety Controlled Substances registration was expired. Specifically, the following CVS pharmacies filled the invalid prescriptions for controlled substances issued by Dr. Garcia: CVS Pharmacy #06989, 4102 Ayers Street, Corpus Christi, Texas, 78415, DEA Registration Number BC5352098; CVS Pharmacy #06991, 4166 South Staples Street, Corpus Christi, Texas, 78441, DEA Registration Number BC5352101; CVS Pharmacy #07004, 6601 Everhart Road, Corpus Christi, Texas, 78413, DEA Registration Number BC5352137; CVS Pharmacy #07220, 1627 Wildcat Drive, Portland, Texas, 78374, DEA Registration Number BC5352377; CVS Pharmacy #07401, 4101 U.S. Highway 77, Corpus Christi, Texas, 78380, DEA Registration Number BC5353886; CVS Pharmacy #00248, 2121 West Trenton Road, Edinburg, Texas, 78539, DEA Registration Number FC1003184; CVS Pharmacy #02580, 7442 South Staples Street, Corpus Christi, Texas, 78380, DEA Registration Number FC1363100; and

CVS Pharmacy #07080, 363 West Avenue J, Robstown, Texas, 78380, DEA Registration Number BC5352202. The above detailed actions were in violation of 21 U.S.C. §§ 829 and 842 (a)(1), and the applicable regulations promulgated thereunder (hereinafter referred to as the "Covered Conduct").

8) At all times relevant to the activity alleged in these Recitals, the CSA, 21 U.S.C. § 842 (c) (1) (A), authorized the imposition of a civil penalty of up to \$25,000 for each violation of § 842 (a) (1).

9) To avoid the delay, expense, inconvenience, and uncertainty of litigation of these claims, the Parties agree to settle, compromise, and resolve all existing or potential claims for civil penalties the United States may have against CVS under § 842 of the CSA based on the Covered Conduct as described in Paragraph 7 above.

10) The parties to this Stipulated Agreement have arrived at an accord intended to resolve this matter without civil litigation of the above described statutory violations.

11) This Agreement is neither an admission of liability by CVS, nor a concession by the United States that its claims are not well founded. In consideration of the mutual promises, covenants, and obligations set forth in this Agreement, the Parties agree as follows:

## **II. TERMS AND CONDITIONS**

**NOW, THEREFORE**, in consideration of the foregoing and the mutual covenants contained herein, the parties hereto hereby agree as follows:

12) The United States agrees to waive the filing of a complaint in the United States District Court for the Southern District of Texas against CVS, provided that they comply with all of the terms and conditions set forth below. Should CVS fail to perform as stipulated herein, the United States reserves the right to rescind this agreement and seek the maximum penalties provided under the law for all violations of the CSA referred to above. Without regard to this agreement, the United States reserves the right to seek the maximum penalties provided under the law for any violations occurring after July 31, 2012.

13) CVS will pay the sum of \$1,912,500.00 to the United States by electronic funds transfer pursuant to written instructions provided by the United States. CVS agrees to make this electronic funds transfer no later than the twenty-one, (21), days after the Effective Date of this Stipulation.

14) In consideration of the undertakings by CVS, the United States fully and finally settles and relinquishes all claims for civil penalties which it has asserted, could have asserted, or may assert in the future under 21 U.S.C. § 842 against CVS for possible violations of the CSA, and the regulations promulgated thereunder, based on the Covered Conduct as defined above.

15) In consideration of the undertakings by the United States, CVS fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) which it has asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the investigation, prosecution and settlement of this matter.

16) Notwithstanding any term of this Agreement, specifically reserved and excluded from its scope and terms as to any entity or person are the following:

- A. Any potential criminal liability;
- B. Any criminal, civil or administrative claims arising under Title 26, U.S. Code (Internal Revenue Service);
- C. Any administrative liability, including mandatory exclusion from any federal programs;
- D. Any liability to the United States for any conduct other than that covered by the release in Paragraph 14; and
- E. Any claims based on such obligations as are created by this Agreement.

17) This Stipulated Agreement does not release CVS from DEA administrative liability under statute, contract, or regulation.

18) The United States does not release CVS from any claims arising under Title 26, U.S. Code (Internal Revenue Code). Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue Laws, Title 26 of the United States Code.

19) All terms used in this Stipulation which are not defined herein shall be defined in accordance with the Controlled Substances Act, 21 U.S.C. §§ 801, *et seq.*, and regulations promulgated thereunder, whenever possible.

20) This Agreement is not intended by the Parties to be, and shall not be interpreted to constitute, a release of any person or entity not identified or referred to herein.



21) This Agreement shall be governed by the laws of the United States. If a dispute arises under this Agreement between CVS and the Office of the United States Attorney signing this Agreement, exclusive jurisdiction and venue shall lie in the federal judicial district of the Southern District of Texas in which the dispute arose, and to the extent that state law applies to the dispute, the law of the State within the jurisdictional district shall apply.

22) The Parties agree that this Agreement does not constitute evidence or an admission by any person or entity, and shall not be construed as an admission by any person or entity, with respect to any issue of law or fact.

23) This Agreement constitutes the entire agreement between the Parties and cannot be amended except in writing and when signed by all the Parties to this Agreement.

24) It is agreed by all parties that the sum of \$1,912,500.00 represents full and complete settlement of this matter arising under the Act, and applicable regulations, and that each party will bear its own costs, fees and expenses, including any and all attorney's fees associated with this matter including those incurred during the course of the investigation, administrative proceedings, litigation and compromise, settlement and disposition all matters described in and the subject of this agreement.

25) Each person who signs this Agreement in a representative capacity warrants that he or she is fully authorized to do so.


26) The United States and CVS agree that this Stipulated Agreement, including all terms and conditions of the Agreement and any additional agreements relating thereto, and the facts which gave rise to the investigation by DEA and this Stipulation, may be made public in their entirety.

IN WITNESS WHEREOF, CVS, and the United States, through its duly authorized representative, Jill O. Venezia, Assistant United States Attorneys, have executed this Stipulation as of the date indicated below.

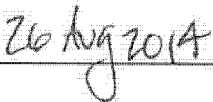
**AGREED AND EXECUTED** by the parties hereto:

Approved as to Form and Content:

By:


  
\_\_\_\_\_  
Elizabeth S. Ferguson  
1 CVS Drive  
Woonsocket, Rhode Island  
02895  
On behalf of Defendant, CVS

Dated:

  
\_\_\_\_\_  
26 Aug 2014

UNITED STATES OF AMERICA  
Through its attorneys,

KENNETH MAGIDSON  
United States Attorney

By:   
JILL O. VENEZIA  
Assistant U.S. Attorney  
United States Attorney's Office  
Texas Bar Number 24010764  
1000 Louisiana, Suite 2300  
Houston, Texas 77002  
Telephone: (713) 567-9511  
Facsimile: (713) 718-3303

Dated: 